

BUSINESS WEEK

APR. 2, 1949



George H. Love: He wants Pittsburgh Consolidation to be part of a healthy industry (page 6)

BUSINESS
WEEK
INDEX

A McGRAW HILL PUBLICATION

BOWER BEARINGS ARE

SPHER-O-HONED



... A WORD YOU'LL HEAR OFTEN WHEN GOOD BEARINGS ARE DISCUSSED

There's a word that men who design and build trucks, tractors and other heavy-duty equipment frequently mention when they talk bearings.

That word is Spher-O-honed, a term that stands for the kind of bearings these men need . . . durable, dependable bearings that withstand crushing loads and punishing

use. Bower Spher-O-honed bearings do precisely that. Sound design and engineering—spherical roll-head and cone flange, a large lubrication groove, and precise, highly finished races—give them long life and reduce

installation and maintenance costs. When you specify bearings for your product, remember the word Spher-O-honed . . . and the name Bower.

Both are indicative of a bonus in bearing value.

BOWER ROLLER BEARING COMPANY • Detroit 14, Michigan

BOWER
ROLLER BEARINGS





"Vision is Indispensable to Progress"

Do you know what lies behind the symbols your doctor writes on his prescription pad?

Your doctor has at the tip of his pen the vast resources of America's forward-looking pharmaceutical industry. The symbols in his prescription, and the drugs he administers, bring relief and comfort to millions—

Insulin to lengthen the life of the diabetic . . . serums for scarlet fever and diphtheria . . . liver extract and folic acid to combat certain anemias.

Ether, cyclopropane and barbiturates for merciful anesthesia . . . sulfa drugs, penicillin and streptomycin to fight many types of infection—plus thousands of other products developed and tested under the vigilant supervision of skilled pharmacologists.

In the pharmaceutical industry's research laboratories, devoted scientists work amid glass tubes and retorts, microscopes and centrifuges, in a never-ending search for new drugs to conquer disease and pain.

Certain stubborn infectious diseases are already yielding to newly discovered antibiotics—chemicals obtained from micro-organisms such as molds and bacteria.

In the new era that lies ahead, many baffling diseases may reasonably be expected to fall before the patient research of the nation's scientists.

The final link in this humanitarian chain is the college-trained pharmacist in your neighborhood drug store. His skilled hands compound and dispense the medicines that aid your physician in his struggle against suffering.

Every man, woman and child benefits from the far-sighted work of the pharmaceutical industry, and from the untiring efforts of the professional people through whom its products are translated into safer, healthier, longer lives.

This kind of enlightened leadership is typical of American industry. It is another example of how private, competitive business, backed by the savings of hundreds of thousands of investors, provides valuable products and services. Labor, management, shareholders and the public are the beneficiaries.

BANKERS TRUST COMPANY
NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



WHAT PUTS AN APPLE ON YOUR TA



At desk and in field, D. K. Russell plans and directs the intricate operation of his big-scale apple and peach production. Some 65 employees are involved in bringing each crop through to market condition. Looking to the future, he is working out a partnership for six sons. Four now active are on salary. D. K. is also a director of county growers' association.



Big comfortable house — purchased at \$25,000 with adjoining orchards—overlooks wide lawn toward famed Blue Ridge Mountains. There are 5 other dwellings, 4 well-kept barns and a packing shed on Russell place.

J. Robert Russell lives nearby with wife and 2 daughters, manages one orchard and supervises grading plant. Along with 2 brothers, he is studying agriculture part-time in nearby Winchester.



The best people in the Country

turn to Country Gentleman for Better Farming, Better Living

R CABLE?

It takes a lot of manpower, equipment and capital... skill in fighting pests and weather... marketing foresight... plus a little luck, as the story of this Shenandoah Valley fruit grower reveals.

COMMERCIAL apple growing is a big-time farming operation with problems that would floor many an urban businessman.

That is clear even from a quick look into the 531-acre family farm of the Russells, Country Gentleman subscribers of Virginia's beautiful Shenandoah Valley.

Working capital and running expenses are sizeable. The Russells have \$50,000 worth of mechanical equipment. There are 15 to 18 salaried workers, with 40 to 50 additional pickers and packers during harvest to pay and supervise. Trees must be sprayed 10 or more times a season at \$100 an acre.

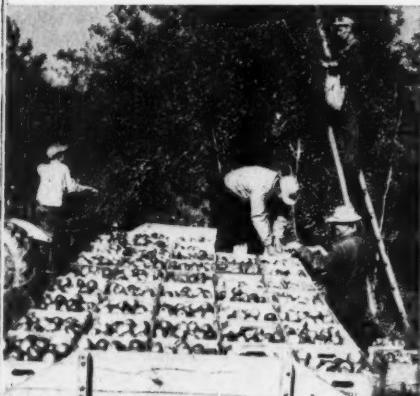
Besides constant war on pests and disease, they have other hazards in droughts and frosts. To strike a profitable balance between poor and good years, the Russells must catch the market at high seasonal prices with top-quality table fruit.

And because public taste in apple varieties can

change rapidly, it takes shrewd judgment to keep a fourth of the orchards in young trees that yield paying varieties at 10-year bearing age.

D. K. Russell and his able sons have consistently taken all these obstacles in stride. By farming wisely and well, they have won good living on the land. Their inspiring success story is told in the April issue of *Country Gentleman*... in another of the great "Good Farming—Good Living" profiles of this magazine's subscriber families.

*Unmatched editorial help and inspiration have drawn to *Country Gentleman* the nation's best audience of farm families. Average value of their land, buildings, implements and machinery is nearly double the U. S. farm average—and 9 out of 10 subscriber homes are electrified! Good prospects for profitable sales!*



Bountiful production of high grade fruit brings up to \$40,000 net profit annually before taxes. Crops average 50,000 bushels of apples with 10,000 bushels of peaches to help insure a steady income.



All the Russells "like to come back and work for Dad." His overwhelming interests have been establishing good living for his children today, devotion to his fertile acres for their future.

Constant improvement of product helps assure top prices. Condition of Russell apples is passed on by scientists of Virginia Experiment Station.



2,300,000 circulation concentrated among the "top half" farm families who receive 90% of all U. S. farm income.



Young man with good connections

IN a Bell telephone central office, this Western Electric installer is connecting thousands of wires to new equipment to provide more and better service.

Here's one of 18,000 trained Western Electric installers who do this job for Bell Telephone companies. Crews are working in some 1,600 central offices to connect new equipment

which, like your telephone, is made by Western Electric.

• Western Electric is part of the Bell System—has been since 1882. This assures closest cooperation between people who *design* telephone equipment, people who *make* it and people who *operate* it. Their teamwork has given this country the best telephone service on earth.

MANUFACTURER
of telephone apparatus for
the Bell System.



PURCHASER
of supplies for Bell
Telephone companies.



DISTRIBUTOR
of Bell telephone ap-
paratus and supplies.



INSTALLER
of Bell System central
office equipment.



Western Electric

A UNIT OF THE BELL SYSTEM SINCE 1882

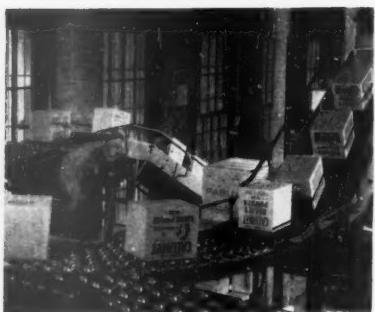
Whether you are a manufacturer,
grower, distributor or retailer...

you can beat n. h. taxation

***NEEDLESS HANDLING** always means needless costs of operation—needless taxes on profits. That is true in any business. Check the handling of materials in your receiving and shipping departments, in work-in-process and in storage. You may be paying from two to twenty times more than is necessary!

Rapistan MATERIAL flow EQUIPMENT

cuts operating costs... quickly pays for itself
... keeps on making profits for you—indefinitely



The modest cost of Rapistan Material Flow equipment usually can be written off in a few months. Rapistan is the most flexible line of package-type conveyors in the country. You can get a simple, short length portable conveyor for truck loading, a between-floors power-belt, or a combination of multi-directional gravity and power flow. Rapistan equipment is easy to install, can be delivered promptly. With Rapistan you get assurance of the best in experience, quality and service.



free help! Get this factual data on how to eliminate needless costs of operation. Write on your business letterhead for your copy of "Rapistan Material Flow at Work." No obligation.

See how plant carloading was cut from 80 to 8 man hours . . . how storage confusion was eliminated and loading time reduced 66% . . . how a processor saved \$200 a week . . . how 2 men do the work of 10 with less fatigue . . . and how Rapistan can work for you. Just write to—

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16 Rapistan Building, Grand Rapids 2, Mich.

Representatives in All Principal Cities



CONVEYORS: POWER OR GRAVITY - PORTABLE OR STATIONARY

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THE COVER

A major milestone in coal history was passed in November, 1945, when Consolidation Coal Co. was merged into Pittsburgh Coal Co. The new company automatically became the world's largest commercial producer of bituminous.

Last week, president George H. Love released the annual report of Pittsburgh Consolidation Coal Co. It recorded new peaks in production and earnings. The volume of coal mined climbed above 26-million tons. Net profits were \$21,316,340 for 1948, more than 50% ahead of 1947.

• **Bold Spending**—In the three years since Love put the company together, Pittsburgh Consolidation has earned over \$40-million. That amount, however, is \$7-million less than the company spent on modernization in the same period. And another \$20-million is earmarked for more development.

The bold spending program has made Love's organization a leader in coal-industry progress. Love's goal is to build coal into a healthy industry financially—so that it can meet the nation's long-range need for coal as an indispensable source of energy with efficiency and stability. He thinks this can be done by "long-sighted" management through good and competitive business practices.

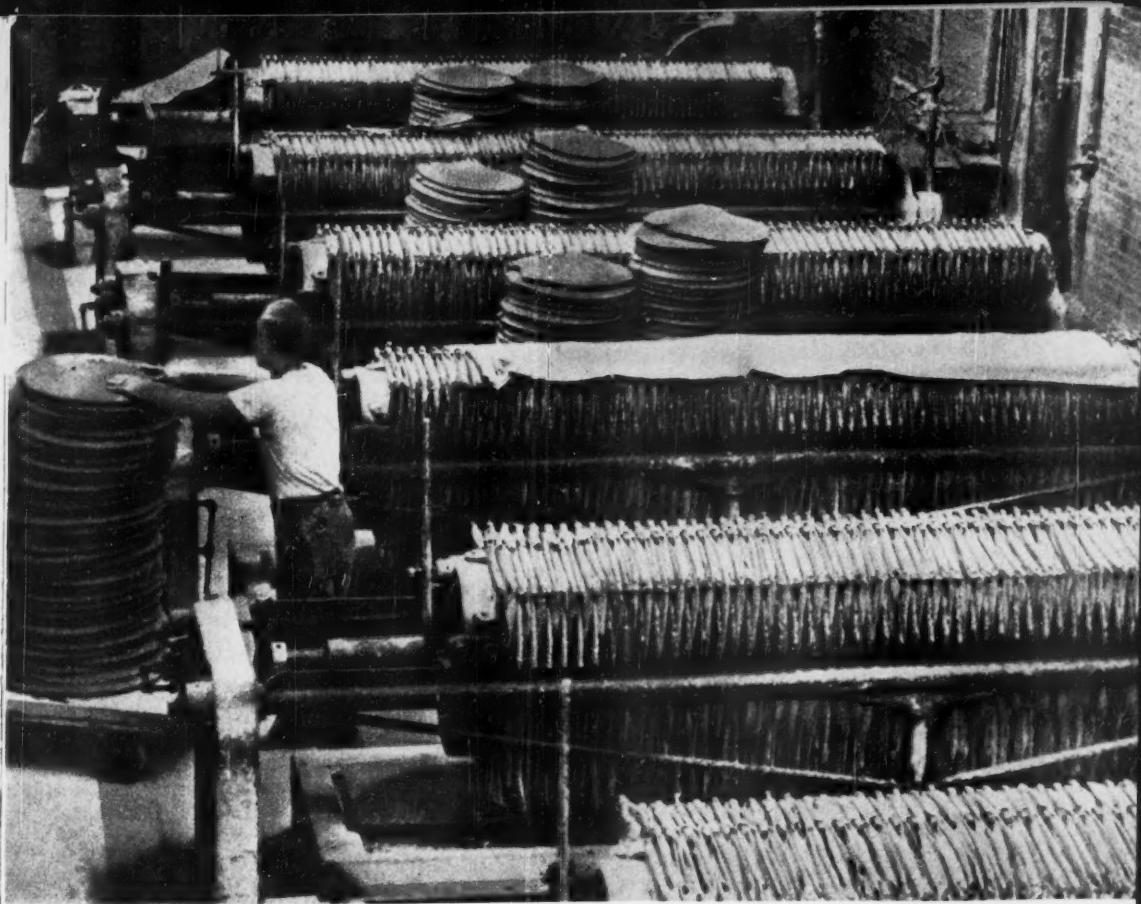
• **Strike Is a Strike**—Love's physique matches his business aggressiveness and confidence. He is a hearty, ruddy-faced six-footer, 48 years old.

He is genial but forthright in his speech. When the recent "memorial" mine walkout was less than a day old, Love called it "just an ordinary strike with a little black ribbon tied on it."

Love entered the coal business in 1926, became president of Union Collieries in 1933. He is a director of Pullman Co., M. A. Hanna Co., Mellon National Bank & Trust Co., and is a member of the board of trustees of St. Joseph Lead Co.

Love's main hobby is hunting; occasionally he finds time to shoot ducks on a Georgia plantation.

—Report to Executives on Coal for the Future starts on page 39. Cover photo by Robert L. Purdy



NYLON "ACCORDIONS" STEP UP PRODUCTION TEMPO

These accordion-like presses contain a series of filter "sacks" filled with liquid clay. When pressure is applied, the water filters through the nylon fabric and drains off. The resulting clay cakes are then ready for processing into pottery or other ceramic articles.

Tough and resilient, these filter fabrics of Du Pont nylon fibers last *up to 10 times* as long as ordinary materials. They're not weakened by mildew. And nylon's high wet strength guards against their rupturing under pressure.

Nylon "sacks" also improve production because they can reduce pressing time, yet deliver a drier cake. That's because water passes more readily through the smooth nylon fibers. They don't swell from the moisture; thus maintain filtering efficiency. In addition, it's no longer necessary to leave a press idle

several hours a week while "sacks" are removed and laundered. With nylon, a quick hose rinse right on the press does the job.

Nylon filter fabrics furnish another example of how nylon is solving production problems.

How can nylon fibers benefit you? You may not be interested in filter fabrics. Yet nylon's unusual performance properties may help you improve a product or a production process.

Nylon is tough and durable. It offers high strength at light weight. It's elastic and resilient . . . can be "set" to hold shape. And remember, nylon resists deterioration by mildew, soil and marine rot, petroleum oils and alkalies.

Write for helpful booklet, "Nylon Textile Fibers in Industry." It tells

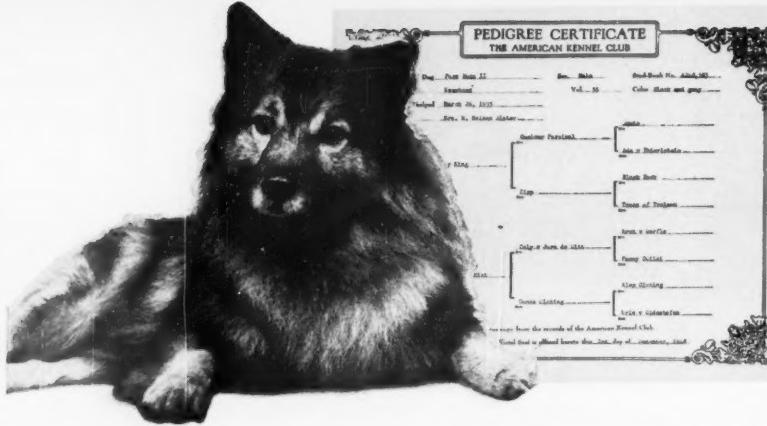
more about nylon's remarkable properties . . . describes how many different industries use nylon to cut costs and improve products. And tell us your fiber or fabric problems. We'll gladly try to help you. Address Room 6510-G, Nylon Division, E. I. du Pont de Nemours & Co. (Inc.), Wilmington 98, Delaware.

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REG. U. S. PAT. OFF.

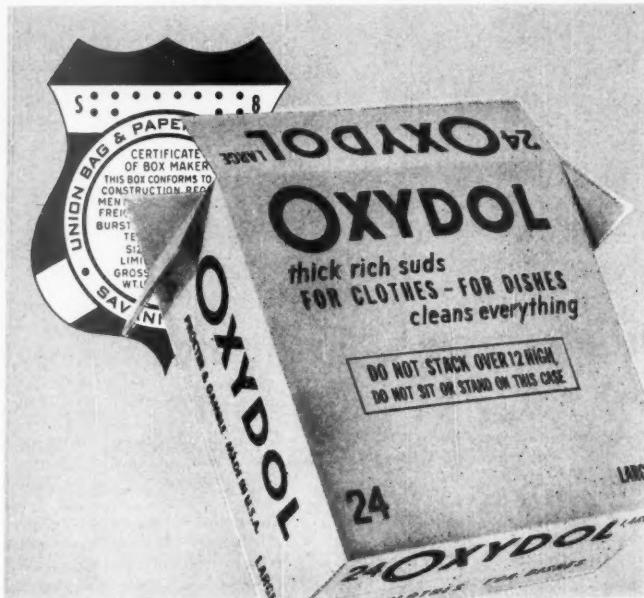
BETTER THINGS FOR BETTER LIVING
... THROUGH CHEMISTRY

For nylon . . . for rayon . . . for fibers to come . . . look to Du Pont



THE KEESHOND comes to us from the Arctic, via Holland where he is very popular. A close relation of the Chow and the Eskimo Dog, many consider him more beautiful than either, with his heavy coat of silvery gray with black tips.

Experienced Buyers look at the Pedigree— Buyers of Boxes, too!



A BOX with a pedigree has outstanding reputation and resources behind it. That's why—

Procter & Gamble, makers of the famous Oxydol soap powder, trust their products to Union corrugated 100% Kraft boxes.

Experience of 75 years undisputed leadership in paper packaging goes into Union boxes. Every step in making, from tree to finished box, is quality-controlled by one management in America's largest integrated pulp-to-container plant.

Vast forest resources, four modern box plants, and five of the nine largest paper machines in the world are your guarantee of consistent quality, consistent service and fair price, today and in the future.

That's the pedigree of Union boxes. That's why, every month, more makers of famous brand products are using them.

UNION Corrugated Containers UNION BAG & Paper Corporation

Principal Offices: WOOLWORTH BLDG., NEW YORK 7, N.Y.

Corrugated Container Plants: SAVANNAH, GEORGIA • CHICAGO, ILLINOIS • TRENTON, NEW JERSEY

BUSINESS OUTLOOK

BUSINESS WEEK

APRIL 2, 1949



That much-discussed spring upturn got some boosts this week.

The coal miners were back on the job. Congress was in a mood to give Truman's budget a spring housecleaning. And Wall Street gave the cut in margin requirements a rousing welcome.

Lower margins on common stocks don't have much direct bearing on business.

Psychologically, though, this could mean a lot.

If more people buy common stocks, prices obviously will rise. That always gives business and consumers a sense of well being.

If stocks go up and people feel happy, business can capitalize postwar plant expansion by marketing common stocks. This would mean more equity capital and less debt—a change much to be desired.

Also, dividends could rise; less profit would have to be plowed back into the property than in the last two years.

Reduction in margins at this time could as easily have been interpreted bearishly as bullishly in the Street (page 90).

The Federal Reserve Board was among the last members of the "let's-be-sure-to-fight-inflation-to-the-end" school. When it eased up on the stock market, the board as good as said, "The battle is won."

The board's fear now, presumably, is deflation. That underlines Mariner Eccles' statement, "We have been in a recession for several months."

Some Washington officials have been saying that we could time the spring upturn from the day the coal miners went back to the pits.

Quite by accident, that may prove true.

The return doesn't add anything to business activity. It simply brings it back to where it had been before the "holiday."

But it averts a reduction in steel output for want of coal. It allows business to go right ahead. And it will tilt the business indexes back up just as sharply as it turned them down the last fortnight (page 13).

Moreover, the coal strike ended just when the spring rise has to start if it ever is going to start. We are either going to have a good Easter, or more sluggishness. The test is right here.

If corporate taxes don't go up—and the coalition now forming against the boost looks potent—business' handling of its own purse strings will change a lot.

Fear of a tax boost has been holding back investment in production facilities. This, in turn, has retarded orders for machines and materials. That has added to the weakness in commodity prices.

Weak commodities, no buying for inventory. That circle is vicious.

But, if taxes don't go up (or go up less than expected), business capital outlays will flow more freely. The circle will tend to unwind.

Figures on March industrial production, income, and employment are bound to be under February when they appear.

The coal strike alone could account for lower production and income. It idled an estimated 70,000 railroad workers as well as 400,000 miners.

Men thrown out of work by the coal interruption won't be counted in

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
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the March unemployed. That count was taken before the mines closed; it was made in the week ended Mar. 12.

Unemployment still was rising at that time. We know that from the claims for unemployment compensation. But we also know from these claims that the rate of rise was decreasing.

Thus the April count of employment and unemployment is the one to watch. It will be taken this coming week, published at month's end.

If it doesn't show unemployment arrested, that won't be good.

Employment, it is taken for granted, will be up from March to April. Seasonal upturns in agriculture and construction will see to that.

It's the unemployment trend that is critical at this point.

Factories are providing less than their share of jobs right now.

Total employment is about even with a year ago (which, in itself, is not heartening; it should be up to care for growth in the labor force). But factory employment of production workers is half a million below 1948.

About 300,000 of the decline is in durable goods plants; 200,000 in nondurables.

BIGGEST GAIN IN CIVILIAN EMPLOYMENT (AS DISTINCT FROM MANUFACTURING) IS IN GOVERNMENT. Federal, state, and local jobs are up by over a quarter million in a year. The total now is 5,759,000.

BETWEEN SUPPORT PRICES IN THIS COUNTRY AND DOLLAR SHORTAGES ABROAD, EXPORT SALES OF U. S. FARM PRODUCTS ARE IN FOR A SQUEEZE.

Take the case of tobacco. Europe likes American cigarette tobacco. But, with our price high and their dollars low, they are forced to buy in soft-currency areas as much as possible.

Also, western Europe more and more is growing its own. Production in Italy, France, and Spain is ahead of prewar, says the Dept. of Agriculture; output in western Germany is rising rapidly.

Italy already is a net exporter.

The United Kingdom still is the largest importer of U. S. tobacco. However, the dollar pinch is forcing England to buy from the dominions and other sterling areas. Two-thirds of its tobacco came from the U. S. last year; before the war, it was three-fourths.

WITH ALL THE TALK ABOUT LOWER PRICES FOR METALS (PAGE 25), ONE WAS MARKED UP THIS WEEK: COBALT. The supply is largely controlled by British and Belgian groups in Rhodesia and the Congo.

And, for the record, silver is at least steady.

MARCH PROBABLY SAW THE START OF THE SEASONAL UPTURN IN CONSTRUCTION.

There aren't any figures yet to measure it, but weather favored the industry last month. And some building materials such as plywood and roofing, recently depressed, began to perk up.

Construction employment in February held 60,000 above a year ago.

CONSTRUCTION CONTRACTORS ARE GETTING A BREAK: PRICES OF STRUCTURAL STEEL SHAPES ARE COMING DOWN AT WAREHOUSES (NOT AT THE STEEL MILLS). Heretofore builders often had to use concrete, whether it was what they wanted or not.



AMERICA BUYS - TO SELL

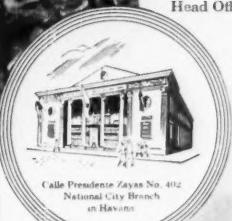
Sugar from Cuba creates market for American flour

It takes a lot of Cuban sugar to satisfy the American sweet tooth—about three hundred million dollars' worth last year. And the tobacco, alcohol, fruits, metals and other things we buy from Cuba sent another hundred million dollars to our Caribbean neighbor. With these dollars, Cuba buys American flour and other grain products; oils and fats to feed her people; American cotton piece goods to clothe them; and steel and petroleum products to support her industry and transport.

With eight fully staffed branches in Cuba, The National City Bank of New York offers exporters and importers valuable assistance in transacting business there. As in all National City's overseas branches, credit, foreign exchange and vital business information are available. For details, call or write Overseas Division at Head Office.

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Flores
Plaza Once
Rosario

BRAZIL
Rio de Janeiro
Porto Alegre
Recife
(Pernambuco)
Santos
São Paulo

CANAL ZONE
Balboa
Cristobal

CHINA
Shanghai

CHILE
Santiago
Valparaíso

COLOMBIA
Bogotá
Barranquilla
Medellín

CUBA

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Cuatro Caminos
Galiano
La Larga
Cárdenas

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Calcutta

JAPAN

Tokyo

Osaka

Tokushima

MEXICO

Mexico City

PERU

Lima

PHILIPPINES

Manila
Port Area
Cebu
Clark Field

PUERTO RICO

San Juan
Arecibo
Bayamon
Caguas
Mayaguez
Ponce

REP. OF PANAMA

Panama

SINGAPORE

Uruguay

URUGUAY

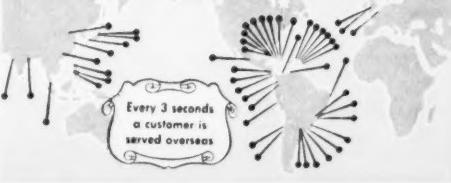
Montevideo

VENEZUELA

Caracas

*Write for color-illustrated booklet describing "Overseas Banking Services".
NCB Travelers Checks protect travel funds. Buy them at your bank.*

First in World Wide Banking





WHAT USED TO HAPPEN TO SNOW SHOVELS IN SUMMER?

It wasn't good.

*But it doesn't happen
with aluminum shovels.
Because ALUMINUM LASTS.*

You probably weren't thinking of years of service. You bought your aluminum snow shovel because it was so light, so easy to handle. Nature made aluminum light. But a lot of other things had to happen to make aluminum that would *last*.

Alcoa made those things happen.

A snow shovel needs strength, as well as corrosion resistance. It cost millions to find the right alloys of aluminum for that. Alloys strong as steel, that could be rolled into sheet, for blades; drawn into tubes, for handles; made into rivets, to join them.

Sounds like a lot of work to make a better snow

shovel. Hundreds of Alcoa research people working thousands of hours on alloys . . . hundreds of others spending years on fatigue tests, tensile tests, corrosion tests. But it enables us to say . . . "Alcoa Aluminum lasts!" . . . and mean it.

That means more than just better snow shovels. It means better automobile parts. Better stepladders. Garage doors. Awnings. Screens and storm windows. All the things that didn't use to last, unless you painted them well and often.

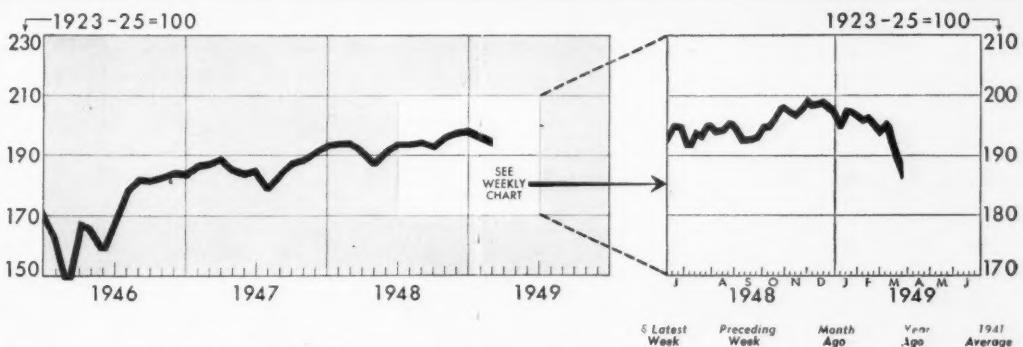
That makes things of Alcoa Aluminum worth looking for. Worth buying. ALUMINUM COMPANY OF AMERICA, 627 Gulf Building, Pittsburgh 19, Pa.

ALCOA

first in Aluminum
THE METAL THAT Lasts



FIGURES OF THE WEEK



Business Week Index (Revised; see page 24)

PRODUCTION

Steel ingot operations (% of capacity).....	99.8	101.1	100.5	88.3	97.3
Production of automobiles and trucks.....	119,339	+120,741	118,815	107,284	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$26,040	\$25,473	\$20,519	\$22,625	\$19,433
Electric power output (million kilowatt-hours).....	5,404	5,496	5,559	5,065	3,130
Crude oil (daily average, 1,000 bbls.).....	5,130	5,145	5,344	5,377	3,842
Bituminous coal (daily average, 1,000 tons).....	478	1,725	1,809	736	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	74	74	73	83	86
All other carloadings (daily average, 1,000 cars).....	27	44	43	33	52
Money in circulation (millions).....	\$27,423	\$27,500	\$27,551	\$27,851	\$9,613
Department store sales (change from same week of preceding year).....	-16%	-8%	-9%	+9%	+17%
Business failures (Dun & Bradstreet, number).....	166	210	180	101	228

PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-39 = 100), February 169.0	....	....	170.9	167.5	105.2
Spot commodity index (Moody's, Dec. 31, 1931 = 100).....	368.8	368.6	375.6	410.9	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug. 1939 = 100).....	254.9	257.2	266.6	268.7	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	291.3	291.4	296.7	368.4	146.6
Finished steel composite (Steel, ton).....	\$97.23	+\$97.32	597.77	\$81.14	\$56.73
Scrap steel composite (Iron Age, ton).....	\$31.17	\$34.92	\$37.25	\$40.25	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	23,450¢	23,500¢	23,500¢	21,500¢	12,022¢
Wheat (Kansas City, bu.).....	\$2.23	\$2.23	\$2.26	\$2.38	\$0.99
Sugar (raw, delivered New York, lb.).....	5.69¢	+\$5.59¢	5.72¢	5.40¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	32.66¢	32.63¢	32.67¢	35.15¢	13.94¢
Wool tops (New York, lb.).....	\$1.533	\$1.488	\$1.583	\$1.820	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	19.00¢	19.50¢	18.53¢	21.19¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	119.3	118.3	115.5	117.7	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.46%	3.46%	3.47%	3.53%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.70%	2.70%	2.71%	2.82%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	1½-1½	1½-1½	1½-1½	1½	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	1½-1½%	1½-1½	1½-1½	1½	1-1½

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	45,473	46,182	46,299	46,391	1127,777
Total loans and investments, reporting member banks.....	61,749	62,359	61,946	63,232	1132,309
Commercial and agricultural loans, reporting member banks.....	14,962	15,095	15,222	14,484	116,963
Securities loans, reporting member banks.....	1,926	1,891	1,739	1,560	111,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks.....	32,680	33,112	32,814	35,469	1115,990
Other securities held, reporting member banks.....	4,373	4,358	4,267	4,342	114,311
Excess reserves, all member banks.....	730	1,030	620	684	5,111
Total federal reserve credit outstanding.....	22,512	22,348	22,847	21,429	2,

*Preliminary, week ended March 26th.

+Revised.

†Date for "Latest Week" on each series on request.



"Oh, we have lunch together every day"

Modern Philadelphia is a busy place—but it lives companionably with certain quiet shades of the Colonial age.

In the Square behind Independence Hall, pretty stenographers and clerks have their lunch outdoors as soon as the days grow warm. If General Washington and Benjamin Franklin still walk the paths their feet knew well, they must take pleasure in a sight so gay and pleasant.

Philadelphia is always close to a historic past, as it builds for the future. That's one of the special characteristics of the city. Even its historic

shrines are right in the business area.

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WASHINGTON OUTLOOK



APRIL is the month that will shape U. S. policy for the year. This is the month in which you are going to see Washington come to pivotal decisions—in foreign policy and in domestic affairs.

There's to be the Great Debate on the North Atlantic Pact and the arms aid to back it up—crystallization of public opinion on what the pact commits this nation to.

There will be the first votes on the big money bills; by month's end you will be able to strike a trial balance on government receipts vs. expenses for fiscal '50, see what a new tax bill has got to be.

There will be decisions—by votes—laying out the new rules for labor-management relations.

These issues are real big.

They are more than a ceremony-laden treaty signing next Monday; more than appropriations for the Marshall Plan or for public works; more than a Thomas-Lesinski labor bill.

The consequences of the April decisions will fix your tax bill for years to come, will outline your labor contracts. They can even determine whether the world has peace or war.

Truman, you note, is refusing all out-of-town engagements. He intends, as he puts it, to be "at home" all April for the business of government.

WHAT DOES THE ATLANTIC PACT PORTEND?

Certainly, it's no easy guarantee of peace.

Rather, it is a calculated risk—that if the U. S. shakes a fist in Stalin's face he won't dare provoke war.

And make no mistake about it: This government is going to shake that fist. Senate ratification of the treaty is a foregone conclusion.

But there are grave doubts to be talked out in the debate that precedes the vote.

You see this already in Sen. Donnell's legalistic picking at whether the treaty wipes out Congress' right to declare war. This sort of question, of course, will be answered when the Senate votes.

The kind of doubt that cannot be settled by U. S. Senate votes is the kind raised by people like John Foster Dulles. To him, it's not so much what Acheson says the pact is as what Stalin decides it is. Thus, if Stalin retaliates, the pact could bring on the very war it is designed to prevent.

Sen. Taft expresses the same kind of doubt

about arms for Europe, which are to bolster the pact. He fears that a flow of guns to help rearm western Europe might force Russia to strike while Europe is still weak.

Acheson doesn't reject the Dulles-Taft kind of doubts. But the State Dept. sizeup is that Russia couldn't afford to wage war now—even if it decided the pact really menaced the Soviet.

And that is the assessment on which the U. S. is taking the gamble.

IF YOU HAVE HELD BACK on that new plant or addition because of high construction costs, Army Engineers figures should interest you:

Last September, on 56 bid openings for projects ranging from dams to barracks, the Engineers got an average of four bids per job. Low bids averaged 4% higher than government estimates.

In March of this year, 15 openings averaged six bidders per job. Low bids averaged 7½% below government estimates.

For buildings only—hospitals, residences, barracks—September low bids ranged from 10% below government estimates to 72% above. In March, no low bid topped official estimates. The range was from 3% to 14% below.

One big reason for this: Contractors are scaling down the allowances they have been including as a hedge against cost increases.

Congress has noted this trend and is taking advantage of it. In voting money for the Army Engineers and for reclamation projects, the House applied a flat 15% cut to budget requests prepared last fall.

FEDERAL ELECTRIC POWER is getting a big push forward in this Congress. A whopping \$300-million-plus will be voted for enlarging government production and distribution of energy.

Where Roosevelt's New Deal planted the seeds in the field of public power, Truman's new New Deal is bringing the program to fruition—and more.

Here is what Congress clearly is doing by appropriating the money Truman wants: It's underwriting the idea that the government is going to be your power supplier—at least wherever there is water to be harnessed.

You see this impetus to public power in bits and pieces. For example, there's the New John-

WASHINGTON OUTLOOK (Continued)

sonville steam plant for TVA. Congress is voting \$2½-million to start this \$54-million, 300,000-kw. plant.

What New Johnsonville means: It's the precedent for federal steam power to back up hydro wherever water power isn't enough to serve new loads.

There's money to start a steam plant next year for the Central Valley project in California, too. It goes New Johnsonville one better: It gives Interior Dept. a steam plant in anticipation of loads for which the project has no established responsibility.

The policy of government transmission of power over government lines is firmed up by the money that is being voted for the Missouri Basin development, for Central Valley, for the Southwest Power Administration.

Also, Interior Secretary Krug's power division is getting funds to survey market possibilities for energy from Army flood-control dams anywhere east of the Mississippi.

All these things were turned down by the Republican 80th Congress. Some have been in controversy since before the war.

•

What's next? Krug is demanding that the Federal Power Commission reject the application of Virginia Electric & Power Co. to build a hydro dam on the Roanoke River.

His argument: The Army's Buggs Island dam, 40 miles upstream, reserves the Roanoke for federal development only.

•

CONGRESS IS SETTING UP a long-range review of the more than 50 years of antitrust law.

Object: to ferret out the loopholes, list the contradictions in court decisions, perhaps write a codification wrapping up the whole subject in a single new law.

Rep. Walter's judiciary subcommittee is taking on the project. It has enlisted technical aid from Truman's Council of Economic Advisers, antitrust enforcement agencies, Congressional Library researchers.

There won't be any public hearings until the research into laws and court decisions is complete. That will take more than six months.

•

Walter is a Truman stalwart now in his 15th year in the House, a Pennsylvania lawyer.

He got the idea for this overhaul of antitrust

policy from congressional fumbling of the basing-point problem.

His view: Congress can't go on trying to legislate around the edges of monopoly regulation. And he argues that the Sherman act was written when a \$5-million corporation was a titan.

•

THE SHIPPING LOBBY'S drive to guarantee that at least half of all U. S.-financed exports go in American-flag bottoms has reached the White House.

And the shippers and their crews are picking up politically potent nonindustry support. Dubinsky of the A.F.L.'s Garment Workers has written Truman that he wants the 50-50 clause clearly written into law.

Truman is looking for a compromise to avoid a snarl-up in congressional approval of ECA for another year; Hoffman's first-year money will all be allocated by next week.

Truman's offer: O.K. on the 50-50 clause if you will drop your demand that it apply on a country-by-country basis.

Then, U.S. ships operating to the Mediterranean could handle the bulk of the U.S. share, leave North Atlantic trade open for European-flag lines—pretty much as things are now.

•

THE U. S. BALANCE OF TRADE is favorable or unfavorable—depending upon how you look at it.

For 11 months last year, dollarwise, the U. S. exported \$7.6-billion worth of goods. Imports ran \$4.6-billion.

In tons, the shipments were virtually in balance at 57-million each way. And, if you subtract coal—an abnormal U. S. export—exports were 20-million tons less than imports.

• Congress slapped Truman on the wrist again this week by giving cities and states power to take over rent control—but it's largely academic because most mayors won't dare call for decontrol. . . .

• Small-scale sample of Truman's Inaugural Point 4 on exporting U.S. technical know-how: The State Dept. sent a Reclamation Bureau engineer to the world engineering conference in Cairo to tell others U.S. experience in irrigation and waterpower developments. . . .

• The Atomic Energy Commission is so far behind in its correspondence with prospectors who think they have found uranium that some inquiries go unanswered as long as five months.



Fillets 45 Fish per Minute. This high-speed automatic machine comprises some 75 vital parts fabricated from nickel alloys.

How the Fishing Industry guards the purity of seafood for Your table

Fishing is still a hand-to-hand struggle with nature. Fair weather or foul, far into the night, captains and men haul and sort the catch...then, ice and stow tons of fish.

But modern innovations are doing much to advance the industry. In some recently completed trawlers, a new type refrigerated hold, lined with nickel-clad steel, cuts ice requirements by 66 per cent, greatly reduces spoilage of fish and increases capacity 100,000 pounds above that of conventionally designed craft of the same size.

And ashore, high-speed filleting machines automatically handle and cut slippery substance that has no consistent uniformity...for fish are neither round, square nor rectangular, and vary widely in softness, firmness, length, radial dimensions and weight. Yet these machines increase edible yield many per cent over hand cutting methods, thus providing fresher, cleaner, larger output for the dinner tables of America.

Equipment for processing oysters, shrimp, crabs, lobsters or fish, operates under wide temperature variations and continual dampness. Where metals are used...absolute cleanliness, resistance to rust and corrosion, and ease of cleaning are paramount.

For years the technical staffs of International Nickel have worked hand-in-hand with engineers, designers, metallurgists, research and production men in the fishing industry on a wide range of metal problems. To this extent INCO has contributed to the continuing improvements in performance of equipment used for processing seafood.

Through this and comparable experience gained in technical service throughout industry, International Nickel has accumulated a fund of useful information on the properties, treatment, fabrication and performance of engineering alloy steels, stainless steels, cast irons, brasses, bronzes, nickel silver, cupro-nickel and other alloys containing nickel. This information is yours for the asking. Write for "List A" of available publications.

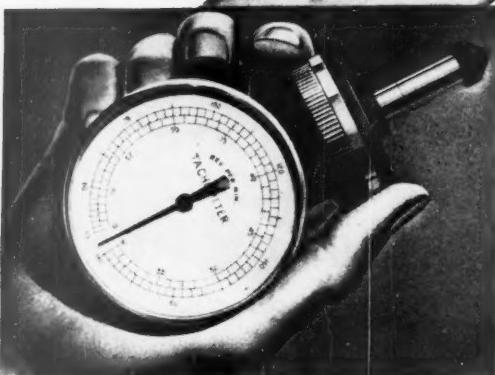


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CD49-04

BUSINESS WEEK

NUMBER 1022
APRIL 2, 1949



PRESIDENT TRUMAN will use soft words on southerners like . . .



SEN. RUSSELL of Georgia, to try to find a . . .

Compromise on the "Fair Deal" Program

Filibuster didn't split Democrats badly. So Truman is likely to get southern support for at least modified versions of his demands on such things as new labor law, social security, public housing.

The "hundred days" of the Truman 81st Congress are about to run out. And results—in the form of laws on the books—have been something less than conspicuous.

On Apr. 4, Congress will have been in session three months; on Apr. 13—when Truman begins his fifth year in the White House—the "hundred days" of this Congress will be over.

And the new New Deal, or Fair Deal, of Harry Truman is yet hardly more than a campaign phrase.

• **He'll Get Some**—As a result, the Truman Administration is going to have to shorten its sights for 1949. Not even Truman ever expected that he would get everything he asked for this year. But he did want a good first leg on a four-year program. He is still going to get that first leg—but it will be a good deal shorter than he expected.

Truman doesn't let anyone forget that he has been "down" before. A chart on his Administration since Apr. 12, 1945, would show peaks and valleys as high and as deep as a roller-coaster track.

Truman is sure he will get to the top again. He works on this simple theory: I'm right; so, finally, I'll get what I recommend.

Just how far Truman will have to pull back from his January goal will show up in events during April. Apparently he has cleared his desk for some hard work with Congress. And he intends to work with kind words rather than with a big stick.

The decision not to use a big stick—which would mean going to the people as he did during the campaign—was made on this basis: Though southern Democrats are unenthusiastic about a lot of Truman's program, they aren't angry.

• **No Real Split**—The civil-rights filibuster in the Senate didn't really split the Democrats. Sen. Russell and his southern cohorts never had it so easy in any of their recent talk marathons. You have Sen. Sparkman of Alabama saying: "Sure, we disagree on civil rights. We'll continue to disagree on civil rights. But we can put through public housing, more social security, a higher minimum wage, and a lot more."

Russell, himself, is not mad at anyone. And he will still wield a lot of influence with southern Democrats when it comes to public power, farm reforms, even higher taxes.

• **Poor Liaison**—About all the filibuster cost Truman was lost time. The liaison

between him and Senate Democratic Leader Lucas was so inept that no decision was ever reached as to whether the fight was a showdown or not.

So the southern Democrats can still be wooed. Witness the strong backing Speaker Rayburn got from the party on beating Rep. Rankin's politically tough veterans-pension bill. Rayburn had more than half of the southern Democrats on his side.

• **Compromises**—You are beginning to see signs that the Administration is trying to reach common ground with southern Democrats on a lot of issues. The bill to increase the minimum wage from 40¢ to 75¢ an hour is a case in point.

The House Labor Committee had written into its first bill a provision bringing farm labor under the Fair Labor Standards Act, and broadening the coverage provisions generally. As voted out of the committee, the bill still broadens coverage—to city transit workers, airline ground crews, and the like. But agricultural labor has been left out.

On the new labor bill, union lobbyists are sitting down with southerners to talk out disagreements. C.I.O. spokesmen have talked things over with so-called "friendly" southern senators like Hill of Alabama and Kefauver of Tennessee. But the long-range objective doesn't involve such men; it is to find what changes in the Thomas bill must be made to pull in Russell, El-

lender, Maybank, and other southerners.

• **The Outlook**—So this appears to be the picture: Truman will get a lot of his program. But the part he gets this year won't contain any new enterprises, such as government steel plants or prepaid medical insurance.

The lineup is something like this:

Taft-Hartley. A new labor law is sure to be voted, but its chances of being a simple Wagner-act-plus are now zero. The Thomas bill is sure to be amended—but not so much that labor will spurn it. Communist affidavits will stay, for instance; management will have to sign them, too. The closed shop will become legal again—with restrictions. Foremen will get bargaining rights. The federal injunction to delay big national walkouts will stay. Ching's Mediation Service will remain independent of Tobin's Labor Dept.

Federally Financed Public Housing. The entire Wagner-Ellender-Taft bill will go through. It provides for 800,000 government-built housing units over the next seven years. That means the government will be building about 10% of all new homes.

Social Security. Coverage will be broadened. Payroll taxes will be raised to 1½% on both employers and employees. The \$3,000 ceiling will be boosted to something like \$4,200. (Truman's proposal to renew direct federal relief to the needy is being pigeon-holed for the present, but a serious recession would revive it.)

Taxes. Congress is trimming the departmental money bills—particularly those with construction funds—on the ground that reduced prices will make projects less expensive. But this trimming still won't bring spending into balance with receipts. The size of a new tax bill depends on the size finally decided on for fiscal 1950 expenditures. Congress won't even get around to the tax problem until May, or even later.

Federal Aid to Education. The \$300-million-a-year program to equalize teachers' salaries will go through.

Reciprocal Trade. Last year's G.O.P. restrictions on the Hull tariff-concessions law will be removed. That will restore Truman's power to negotiate cuts up to 50%—in time for the new trade talks that begin later this month in Geneva.

Economic Controls. There won't be any price controls, or any mandatory priorities and allocation controls. (The Commerce Dept. has already cut back the voluntary-allocation program on steel by some 20%.)

Public Power. The Tennessee Valley Authority will get the congressional O.K. to go ahead on its steam plant. The Reclamation Bureau will get authority to build transmission lines.

Farm Prices. The Aiken law, which

provides for flexible supports starting with 1950 crops (BW—Feb. 1949, p25), is likely to be replaced by a one-year extension of the wartime 90%-of-parity guarantees of the Stigall act. The feud that's brewing over a permanent, long-range farm policy—flexible supports vs. rigid price floors combined with crop and marketing controls—will probably get pushed over to next year.

Foreign Policy. Truman's whole program—ECA extension, arms to Europe, North Atlantic Pact—will go through. His "Point 4" (aid to underdeveloped areas) will be started.

Truckers, Drivers Join In Safety Survey

Motor carriers have welcomed the shift in volume from railroads to trucks. But they're aware, too, that it increases the size of their public-relations job.

A group of for-hire truckers in the 11 western states, headed by the Western Highway Institute, have decided to do something about it. This week they unveiled a collaborator: Dave Beck, president of the powerful Western Conference of Teamsters.

• **The Problem**—John Springer, president of the institute, sees the problem like this: Big trucks on the highways are a common annoyance to motorists, even though they pay a large hunk of the taxes that make the roads possible. If the motor carriers could stimulate highway safety, they could improve both their service and their standing with the motoring public.

Beck volunteered (1) to pay half the cost of a safety survey, and (2) to provide expert survey personnel—his over-the-road drivers.

• **Start**—The first survey will start next week. Every driver leaving Los Angeles for Blythe, Calif., via U.S. Route 66 will carry a sheaf of reporting forms.

His job will be to jot down any hazards, existing or potential, that he sees along the way—poorly located stop signs or pavement markings, poor banking on curves, bridge widths, need for pull-over lanes on grades.

• **Action**—The driver will mail his forms directly to the institute's consulting engineer, R. A. Allen, at Carson City, Nev. Allen will put the suggestions in engineering form, and lay them before the State Highway Dept. and the U.S. Public Roads Administration.

After the Los Angeles-Blythe study, the survey of U.S. 66 will be pushed on to Phoenix, Ariz.

• **Cost**—The surveys are beginning on a modest scale. Springer and Beck budgeted the first year's studies at \$15,000. If the experiment works, the sponsors plan to blanket all main roads in the western states.

New Mexico Bait

License fee, in lieu of taxes, lures Convair's equipment-finance company to Albuquerque. State drives for new industry.

New Mexico is making a quiet but determined bid for new industry. The state produces about \$117-million a year of oil, gas, potash, and copper. But most of it is shipped out of the state for processing; total employment in these industries is probably under 10,000. So New Mexico wants payrolls—and venture capital.

• **Special Bait**—Last month, Gov. Thomas J. Mabry put his signature on a bill that goes after new industry with special bait. The law sets up, in lieu of franchise and income taxes, a license fee of \$1,000 for "persons selling or leasing airplanes or parts where gross business exceeds \$50,000."

The bait was cut just right to catch the Consolidated-Vultee Aircraft Corp. subsidiary that Floyd Odum fashioned to level out the peaks and valleys in aircraft production (BW—Oct. 2¹, p89). That subsidiary, a \$50-million equipment-finance company, is known alternately as Convair Equipment Corp. and Airfleets, Inc.

As he signed the bill, Gov. Mabry admitted the hook was baited for Convair. "This project," he said, "marks the first major development of our industrialization program. While Airfleets will be essentially an airline-finance company, it will bring vitally needed venture money into New Mexico."

As president of Atlas Corp. and chairman of Consolidated-Vultee, Odum announced through the Albuquerque Chamber of Commerce that Airfleets' headquarters would be Albuquerque.

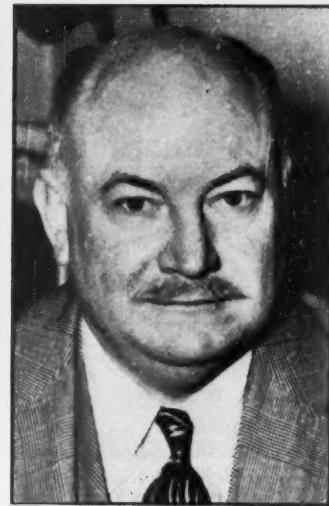
• **Surprise**—Until then the trade had assumed that the subsidiary, which plans to buy Convair planes and parts to lease or sell to airlines, would settle at Convair headquarters at San Diego. Negotiations in New Mexico were handled so quickly that San Diegans early this week still had no idea that the subsidiary would do business off the home grounds.

• **Big Gain?**—How much Convair stands to gain from the tax concession in New Mexico is anybody's guess. Airfleets has applied to RFC for a \$75-million loan—a sign that Odum isn't thinking in terms of pinmoney.

Before the law was enacted, Airfleets would have had to pay the state franchise tax and the state income tax on corporations. The franchise tax is \$1 for each \$1,000 of par value of outstanding stock. The income levy is a flat 2% of net. The law does not exempt Airfleets from property taxes.



TAKING OVER firm control, Edgar (left) and Henry Kaiser have . . .



PUSHED ASIDE Joseph Frazer

Top Management Shaken Up at Kaiser-Frazer

Son Edgar Kaiser steps up to president, succeeding Frazer, who becomes vice-chairman. Shifts coincide with sharp price cut.

The hyphen in Kaiser-Frazer Corp. is getting longer and longer. The widening split between the company's two founders is the auto industry's explanation for the big K.-F. shakeup this week—a shakeup which elevated Edgar F. Kaiser to the presidency, and moved Joseph W. Frazer from that post to an "upstairs" job as vice-chairman of the board.

At the same time, the company decided to try to pep up lagging sales by slashing its prices. Cuts ranged from \$198 to \$333—much more than those announced recently by General Motors and Willys-Overland (BW-Mar. 26 '49, p.30).

• **Series of Meetings**—Problems of organizing, pricing, and personalities plagued K.-F. directors in a series of meetings which ran through the latter half of March. The climax came in a New York session this week. Basically, the decisions made at that session were made because of the feeling of a majority of the directors that major problems are gradually shaping up to confront the company.

In this atmosphere, Henry W. Kaiser and Joseph W. Frazer, cofounders, apparently found themselves with opposing views. Both have strong personalities. Frazer feels he knows the automobile business from A to Z—as the result of his long experience in it. Kaiser feels that his broad industrial experience has given him the know-how

necessary to build automobiles or any other product.

• **Poor Sales Record**—Yet, despite this joint experience, K.-F. sales have lagged badly. Final decisions on a new low-priced car, planned for a year or so hence, are still unmade. Expenses have been going up in relation to profits. Henry Kaiser has his personal fortunes largely bound up with Willow Run—so he decided to take affairs into his own hands.

That meant (1) elevating his son, Edgar, to the presidency from the general management, and (2) removing two "Frazer men" from the board. O. B. Motter and W. A. MacDonald both came to K.-F. with Frazer; they had survived earlier, quiet reductions of Frazer-chosen people.

• **Stock Flop**—Actually, of course, K.-F. problems date back beyond the current sales slump. They began with the celebrated blowup of the Otis & Co. stock-underwriting deal a year ago (BW-Feb. 21 '48, p.85). The purpose of that deal was to secure enough cash to withstand any shutdown and the expense it would create, as well as to expand.

The Otis upset was taken in stride at K.-F. Expansion programs were cut back, and shutdowns were avoided. The profitable showing made in 1948, plus loans from the Bank of America, solved, or at least skirted, working-capital problems.

But those difficulties were no sooner

bypassed than sales began to slow up. Output was cut in January, stopped altogether a few weeks later (BW-Mar. 5 '49, p.19).

• **Didn't Help**—Modification of Regulation W—which Frazer and Kaiser said was the big stumbling block in the way of sales—did little to help things. So the directors had to ponder the fact of slow sales, and the reasons for them, when they began their series of meetings in mid-March.

Frazer's major contribution to the company was always expected to be in the sales end. With deliveries lagging, Kaiser decided to put Edgar—who has done a good job as general manager—into the driver's seat.

• **Effects**—What will be the effect of these changes? Productionwise, very little. Detroit believes—Edgar Kaiser has been handling that all along. Organizationwise, some pruning lies ahead. Saleswise, some improvement is expected—because of the price cuts. The reductions announced this week average more than 10%; that is large enough to bring K.-F. products into competitive line. If they steam up sales—and thus increase manufacturing volume—the problems at Willow Run will be vastly easier.

It's a question, however, whether the price cuts will continue to be effective. Henry Ford II indicated in Boston this week that prices of his company's products may go down during 1949. And any general downward adjustment through the industry could put K.-F. prices out of balance again, despite this week's cuts.

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1 United Air Line's opening gun was full-page ad on its first DC-6 sleeper service



2 Air-conscious Honolulu papers gave first flight page-one billing, featured this picture of United president William Patterson with Honolulu Sheriff Duke P. Kohanamoku

Airlines Battle for Hawaiian Business

Hawaii this week was reaping the benefits of a major skirmish for business between Pan American World Airways and United Air Lines.

As pioneer in serving the islands, Pan Am long held the lion's share of the Hawaiian trade. Last year 67% of all air passengers into the islands flew by Pan Am. This was 47% of air and sur-

face passengers (100,000) into the islands. But United has been edging up. Last month, when it introduced its new DC-6 sleeper service, it twisted the lion's tail. The result was a front page howl for publicity.

But things didn't end there. Pan Am retaliated further by undercutting United's \$50 berth rate by a half (plus

fare of \$160 for both lines). United promptly followed suit. Last week, in the same breath, both airlines said they had asked CAB to establish a commissione from the mainland to all islands in the Hawaiian group. Now Pan Am president Juan Trippe is talking about possibilities of a cheap tourist passenger rate at off-peak periods.

She's NEW!

**She's coming to Honolulu!
You'll be invited to see her—
The Fastest Public Conveyance
Ever Built by man—**

**It's Pan American's new
Clipper "AMERICA"**

**WATCH THIS PAGE TODAY FOR
SPECIAL ANNOUNCEMENT**

3 Pan American Airways, which long had an edge on Hawaiian business, didn't take United's volley lying down

4 Same page, same day, Pan Am yanked first ad, put in second confirming that Stratocruiser was on its way



5 On day that double-decker Stratocruiser (left) arrived in Honolulu, Pan Am estimated that 40,000 visitors turned out to look it over. Pan Am didn't say how many of this number came to see Bill Odum warming up his tiny plane preparatory for flight to New York.



6 But swarms of people did climb over the plane and look at it, and on demonstration flights Stratocruiser proved it could actually haul 61 people in cushioned comfort



7 Aloft, visiting passengers even got treated to trays of hors d'oeuvres

*Congratulations,
Pan American!*

In September, North S. Pan American World Airways' new Boeing Stratocruiser completed its maiden flight from San Francisco to Honolulu. It was the first trans-Pacific flight ever made by a regular schedule of an American airline between Hawaii and the Mainland.

It is a real pleasure to extend to Pan American our congratulations on this historic achievement. It is the result of years of patient planning and hard work. It represents significant progress in the confidence we all share in the continuing growth and prosperity of the Pacific Coast. It is a striking example of the world's recognition of a progressive force.

United Air Lines believes in competition. It is the way which the progressive business of the world achieves its goals. We are doing our best to interest the American public in Pan American. It serves also the best interests of American business. And we are proud of the competition.

We view Pan American's recent move in the introduction of nonstop flights as a vital and specific sign that competition is flourish for the good of all.

Aeronautical Engineers
C. A. Patterson
President, UNITED AIR LINES



8 But United wasn't quiet for long; ads like this appeared within a week

Business Patterns Shift

And that makes measurement hard. Activity in some basic industries is moving in opposite directions. Many seasonal patterns have changed. So Business Week Index has been revised slightly.

How's business? How's production? Executives who are used to scanning time-honored indexes are not finding easy answers these days. The general uncertainty in the business picture is nowhere more apparent than in the indexes. Index-makers can explain the trouble—but it doesn't make them any happier.

Two factors are making it difficult to read the business charts: (1) crosscurrents in production (BW-Mar. 1949, p24); and (2) postwar shifts in seasonal patterns of output.

• **Contrary Movements**—Last week the Federal Reserve Board released its indexes of industrial production in February. Steel production was over 10% higher than the year before. But machinery output was almost 10% lower. You will have to search long and hard through the business annals to find a contrast as sharp as this between two of the nation's basic heavy industries.

But most business indexes—particularly the weekly ones—are based on the assumption that any major ups or downs in production will affect all lines.

• **Approximations**—Even the Federal Reserve Board, with 100-odd monthly statistics, lacks figures on many basic industries. Machinery and apparel are two instances. So it uses man-hours worked to approximate output of machinery. And, for apparel, it assumes that output will rise and fall with textiles, on which it has data.

Normally, when all business is swinging up or down, those devices work fine. Right now, the index-makers are not so sure. Auto output is up from last year, but building materials are off; textiles are way down, but publishing is high.

• **Uncertainty**—Result: No one is too sure just which over-all indexes are right. Thus, Reserve experts have announced a 3% dip from a year ago in their industrial-output figure. But they also know that man-hours worked dropped 6%—twice as much. They surmise that output per man-hour has risen—but no one knows.

Another comparison: Freight carloadings in the manufactured-goods class are off 10% from last year. But electric power used by industry is up from a year ago. Is industry up or down? There are ways to explain these things. But it has to be done strictly off the cuff, not with a slide rule.

• **Lack of Precision**—On one point the experts will insist: Their indexes cannot be used as precision tools in times like

these. To them, the crosstrends in production are the important thing; the small over-all week-to-week changes one way or the other are relatively immaterial.

What they now wonder is this: Will steel join machinery in its downturn—or vice versa? Will textiles and building materials pick up, or will autos and industrial chemicals slide?

Over-all index changes cannot mount too large until the basic trends realign.

• **Complicating Factors**—Seasonal fluctuations make an already tough problem almost unreasonable. From October to February, for example, the Reserve Board's index of actual industrial output—uncorrected for seasonal changes—dropped almost 7%, from 198 to 185 (1935-1939 average equals 100). But the adjustments for normal seasonal changes flattened last autumn's peak to 195—and raised the current trough to 189. That's only a 3% drop.

Many businessmen have, understandably, stopped looking at seasonally adjusted statistics. Frantic postwar demand eliminated normal seasonal fluctuations from many lines. But seasonal movements are on their way back (BW-Jun. 12'48, p19). If you do not correct for that fact, you can readily exaggerate the production swings.

Federal Reserve experts themselves wonder if they have corrected enough for seasonal changes. Some think that last autumn's peak was, statistically speaking, too high—that the adjusted index should have been lower. If they are right, the recent dip in the index would be still smaller.

• **Revision**—Both the crosscurrents in output and the shifts in seasonals have affected the BUSINESS WEEK INDEX. Thus, slight revisions have had to be made since the beginning of this year.

As for the crosstrends, the BUSINESS WEEK INDEX includes one monthly factor. It is a composite of the Federal Reserve Board indexes of output of machinery and of transportation equipment. It is estimated weekly for the BUSINESS WEEK INDEX: the estimates are checked and revised later. With auto and steel output rising, BUSINESS WEEK statisticians figured that February production of machinery and allied lines would also go up. Surprise: Newest FRB data show a drop.

• **Power Seasonal**—The only change in seasonal movement that affected the BUSINESS WEEK INDEX has been in electric-power output.

The prewar seasonal was clear-cut: The cold, dark days of winter lifted output to a peak in the last week of the year, after which it fell off during the spring and summer.

Now it seems plain that the winter peak in power lasts longer than before—right into February. The movement is clear this year. It should also have been clear last year, when electric utilities thought to explain the prolonged power peak by unusually cold weather. Even two years ago the shift appears in the statistics, though it was obscured by the general dip in industrial output in the early months of 1947.

An inadequate power seasonal allowed the BUSINESS WEEK INDEX to rise abnormally during February. The up-to-date seasonal consequently lowers the index for the early weeks of this year.

• **Third Factor**—Another, and very minor, statistical factor enters into the current revision: it has to do with car-loadings. The wartime maximum-loadings order of the Office of Defense Transportation was ended some weeks ago. The effect is that more cars are now used to carry the same tonnage—because they don't have to be full. A minor correction has been made for that change; it lowers the revised index slightly.

The combined effect of all three revisions amounts to at most $\frac{1}{2}$ points (1%), in the week ended Feb. 26.

The revised index figures for 1949 follow:

Jan. 1	198.3	Feb. 12	196.8
8	196.1	19	195.7
15	197.9	26	194.8
22	197.7	Mar. 5	195.6
29	197.3	12	195.0
Feb. 5	196.5	19	191.4

LONGER BANKING HOURS

The Bank of America has gone on the offensive in its fight against shorter banking hours. The world's largest private bank, never in accord with the national trend, still doesn't close on Saturdays. Its latest move has been to go one step further and lengthen the banking day.

It started its experiment with the Pomona (Calif.) branch, which now stays open until 4:30 p.m. on all banking days. Before this it has kept the usual Bank of America hours—until 3 p.m. on weekdays, noon on Saturdays. If the experiment successfully spreads the load on teller windows, the bank will extend it to its entire system—subject to local clearinghouse rules.

President L. Mario Giannini says the bank's studies show that more—not less—banking service is needed. To give it, the bank will, if necessary, expand its staff and set up a 40-hour, rotating week for the employees in the affected branches.



Chevy's Ready—If the Stork Won't Wait

This conversion job on Chevrolet's Carryall Suburban model should be good news to anxious papas-to-be. The unit has been incubator-equipped to handle prematurely born babies on ill-timed dashes to the hospital.

The car carries oxygen tanks, a heater and ventilator unit, and a 110-volt a.c. circuit for heating the incubator. Mack-Gratiot Co., Detroit Chevrolet dealer, prepared the ambulance for the Detroit Board of Health.

Metals Pass the Peak

Steel output sags after weeks of full production; distribution eases. So allocations are cut. In non-ferrous metals, drop in demand brings price reductions. Allied lines reflect trend.

Steel production this week is scheduled below 100% of capacity for the first time in 11 weeks. The worst of the steel shortages are behind us.

In nonferrous metals, prices of some have been cut; markets for most are in the doldrums.

• **Era's End**—Here, to purchasing agents and business analysts, is the end of a postwar era. Production schedules are no longer completely at the mercy of the supply of metals.

This is signaled by many developments:

Steel distribution is better. Users can get more and more deliveries right from mills, hence can shun the gray market and conversion deals. A few mills, which had been selling some scarce products above the industry's base prices, have lopped off the premiums.

Lead prices were cut another penny a pound this week. This, the third cut in as many weeks, brings the metal down from 21½ to 17½ a lb. Imports and scrap lead long since ceased to command premiums over virgin pig from domestic ores.

Zinc prices have been cut 1½ a lb. to 16¢ (prime-western grade).

Copper, on Tuesday, was reported in the trade as being offered at concessions below the posted 23½¢ price. A reduction in the copper price also was hinted at by the long-sick market for ingot recovered from scrap.

• **Down the Line**—A byproduct of all this was price cutting in many allied lines.

Steel mills passed the saving on zinc to buyers of galvanized products.

Battery makers announced reductions that were attributed to the slump in lead.

Various electric appliances were slashed; makers explained that they were paying less for steel now that they can steer clear of conversion deals.

• **Allocations Cut**—Against this backdrop, it is small wonder that Washington has announced cuts in the "voluntary" allocations that the steel industry has been making to especially deserving types of customers. A month ago, these priority holders were crying for more; now half of them are willing to take a smaller amount.

Only two of the old priority holders will get more steel. Two others are staying even. Four new ones have been

added (and it is still too early to tell whether they will need all they have asked for).

All told, the 17 veteran participants in the allocation scheme will be cut from their February total of 539,046 tons to 388,417. The new members (makers of baseboard radiation and farm-type grain bins, federal reclamation projects, and ECA countries) get 56,385 tons.

• **Causes**—Steel has helped solve its scarcity problem by record production. For weeks, it has been running at an annual rate of about 97-million tons (against output in 1948 of 87-million). But declining demand in numerous fields has also been a factor.

Declining demand is almost solely responsible for the turnaround in the nonferrous metals.

• **Nonferrous Metals**—Statistically, the nonferrous metals still are in fine shape. Monthly use in most cases is running well ahead of domestic production, with imports making up the difference. But these statistics appear unreal when you look at the present state of the markets.

One lead marketer, who has been in the business more than 30 years, says that never has he seen the market turn so flat so suddenly.

• **Inventory**—That pretty much keynotes the other nonferrous fields. Buyers are thinking in terms of still lower prices; they intend to wait them out. They will live on inventory.

"What inventory?" they are asked. "A month ago you were yelling that you would have to cut production if you couldn't get more metal."

Nobody bothers to reply to that. Presumably, some users had built up more comfortable inventories than they were willing to admit. Others, however, have seen demand for their products fall off sharply. Battery manufacturers, as an extreme example, have cut manufacture for motor-car replacements by some 60% since November. With output off as much as that, they don't need so much lead in inventory to feel in a comfortable position.

• **Copper**—Copper supplies, theoretically, still are short. The strike at Kennecott's big Utah mine cost about 60,000 tons of production before it was settled. Yet users are by no means scrambling for supplies.

They bought just over 100,000 tons of copper for March delivery. That is a whopping month by any prewar standards. But not long ago, copper buyers were taking 120,000 tons a month and clamoring for more.

• **New Squeeze?**—Now everyone is wondering if a spring upturn in business, government stockpiling, or arms for Europe will put the squeeze on again. One thing everybody knows: Imports will continue to shrink until demand picks up again.

THE 15% FEDERAL TRANSPORTATION TAX ADDS TO THE COST OF YOUR TRIP

The total amount you have paid for your ticket includes Federal transportation tax. This tax amounts to 15 per cent of the tariff fare for your ticket, and is in addition to the charge made by this railroad.

This tax was a World War II measure designed in part to discourage civilian travel. There is no longer any need from this standpoint to continue to impose this extra burden on you.

If you feel that this tax should now be repealed, you may wish to advise your Congressman accordingly.

PENNSYLVANIA RAILROAD

REMINDER, handed out with tickets, enlists aid of passengers. But . . .

Anti-Excise Drive Will Fail

So say House Ways & Means Committee spokesmen. Though business has made a good case for cutting taxes, Congress is in no mood to reduce government revenue this season.

Businessmen who have thrown themselves heart and soul into the campaign to get rid of wartime excise taxes are in for a disappointment. Tax cuts don't have a chance in this session of Congress.

House Ways & Means Committee spokesmen made that clear this week. Word went out that no action is "in sight for probably several months" on a group of bills to reduce or repeal excise taxes. What's more, action "isn't likely" even then.

• **High Pressure**—This will sadden the people who have worked to get rid of the bothersome levies. That includes businessmen working at the grassroots level, and their trade associations working round the clock in Washington.

But the campaign fell short of drumming up enough Democratic votes to get a bill out of committee.

• **Dip in Sales**—Business conditions had helped build up steam behind the campaign. In recent months, sales of some goods and services have dropped below last year. And significantly enough, the drops have been sharpest in those fields covered by excise taxes.

This could be just coincidence, but it makes one argument that can't be tossed off lightly: Remove excise taxes and, in effect, you cut some prices by as much as 20%. Price cuts on this scale might stimulate sales.

• **Mail From Home**—Sagging sales have been responsible for the shift in the views of several congressmen. House

Minority Leader Joseph Martin is one: He has re-examined his position in the light of the heavy mail he has been getting from tradesmen, manufacturers, and others in his home district.

Here are some of the organizations that have been plugging for excise tax revision:

Air Transport Assn. has been trying to get passengers to help commercial airlines in the fight. The carriers have been attaching to ticket envelopes small stickers which point out that, after all, it's the passenger who pays the 15% transportation tax.

Assn. of American Railroads and its member lines are also using ticket stickers.

American Petroleum Institute—which represents the major oil refiners—is working behind the scenes against the federal government's gas, oil, and pipeline taxes. It is organizing highway groups like the American Automobile Assn. and the American Trucking Assn. to carry the ball on Capitol Hill.

National Tax Committee for the Fur Industry has been set up to tell congressmen about the industry's problems. Through telegrams and personal contacts, the committee's members argue that in colder sections of the country a fur coat is a necessity, not a luxury. They also point out that 80% of all fur coats sold in the U.S. retail for \$300 or less.

National Authority for the Ladies Handbag Industry has been circularizing

congressmen about the effects of the 20% tax on the woman's ability to buy. A handbag, Congress is being told, is an essential piece of the feminine gear.

• **Many Bills**—Since Congress went into session last January, members have introduced more than 40 bills to change the excise tax structure. Some are one-shot bills, drawn up for the sole purpose of discontinuing a single war excise.

Other bills are more comprehensive. Rep. Martin's H.R. 2100 would cut, abolish or otherwise amend practically all existing excises. This means (1) restoring to prewar rates the taxes on amusements, furs, cosmetics, luggage, light bulbs, jewelry, transportation, and communication; (2) exempting jewelry retailing for less than \$25; (3) reducing excises on photographic apparatus.

• **Treasury Receipts**—Martin's bill is neither the mildest nor the most drastic yet drawn up. But it has attracted more support than any similar bill. But even if you forget all other reasons why the committee won't consider it, here's one to remember: The Martin bill would cost the treasury more than \$800-million a year—at a time when the Administration is seeking revenue.

National Airlines

May Go to Pan American

Pan American Airways may get a domestic air route after all—but not the way it had intended to.

Last week Pan Am worked out an agreement that would give it and W. R. Grace & Co., virtual control over National Airlines. Pan Am would get 30% of National's stock; Grace, 18%. The deal is, of course, subject to approval by the Civil Aeronautics Board.

• **Preserve Identity**—Under the plan National would carry on as before, preserving its identity. For Pan Am, the advantage would be the valuable right to fly its planes over National's routes, which run along the Atlantic Coast and the Gulf from New York to Miami and New Orleans.

That would give Pan Am something it has long and desperately wanted—a link between northeastern U.S. and its Latin American terminus at Miami. Its overseas passengers would then be able to get to New York and other East Coast centers without having to change planes.

• **Better Chance**—Chances are that this deal has a better chance of getting past CAB than Pan Am's application to start a domestic route of its own (BW—Mar. 6 '48, p21). Reason for this is the attitude of CAB Chairman Joseph J. O'Connell, Jr. Several times O'Connell has gone on public record as favoring mergers or consolidations to bolster existing carriers.



"KEY PEOPLE"—When You Need Steel

Ryerson's function is not only to supply your steel, but to deliver it on time. From the moment the Ryerson switch-board flashes your incoming call until the steel is laid down in your plant, a corps of helpful, intelligent employees well-trained in the Ryerson "Immediate Steel" tradition are at your service.

The likeable young women at the switch-board, phone-order salesmen, dispatchers, crane operators, skilled warehousemen who cut, shear and shape stock sizes to fit your specification, truck drivers—all of them are key people at Ryerson—key people in your service, when you need steel!

In spite of shortages, we are putting forth every effort to serve all Industry to the best of our ability. Naturally, many sizes and certain products are out of stock. However, for the most part you can depend on Ryerson for immediate shipment of a wide range of steel products.

PRINCIPAL PRODUCTS

Bars—hot and Cold rolled alloy steel reinforcing Structural	Mechanical Tubing Boiler Tubes and Fittings Allegheny Stainless— sheets, plates, shapes, bars, tubing, etc.	Tool Steel Wire, Chain Bolts, Rivets Babbitt Metal Working Tools & Machinery, etc.
Plates— Inland 4-Way Floor Plate	Sheets and Strip Steel	

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RYERSON STEEL

BUSINESS BRIEFS



A steel supply company faced the handling problem of unloading sheet stock, bar stock and pipe from box cars, storing it in special racks, and loading it onto highway trucks for delivery to its customers. Even with a lift truck, much manual handling was required.

The problem was solved with a Baker 2-ton Crane Truck, which quickly and easily unloads material from box cars to a point where it can be handled by overhead crane. The Baker Truck also facilitates placing material in racks (as shown) and loading highway trucks. Its use has effected savings of 30% handling light stock, and 75% for heavy stock.

A Baker Material Handling Engineer can show you how similar savings are possible in your plant.

BAKER INDUSTRIAL TRUCK DIVISION

of The Baker-Raulang Company
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In Canada: Railway and Power Engineering Corp., Ltd.

Baker INDUSTRIAL TRUCKS

Bright spot in rails: The Nickel Plate reported this week that its 1948 net income of \$15-million-plus was a new high and 87% above 1947. The trade lays it to a lot of long-haul freight, little passenger business.

Cleveland newspapers say that Chevrolet will shift manufacture of its new Torquematic automatic transmission from Saginaw, Mich., to the company's recently completed parts plant in Cleveland. Chevy executives will say only that they're "considering" it.

Relaxed tin controls have helped tin-can makers (BW-Mar.19'49,p28). Now the Commerce Dept. is giving other users a break. It is allowing more tin content in auto-body solders, collapsible tubes, some wire, other products.

More money for expansion will be spent by giant American Gas & Electric—\$198-million for the next 33 months as against \$106-million over the past two years. President Philip Sporn says this investment will pay off more quickly because of the increased efficiency of the newest steam plants. These have a coal consumption rate 18% better than even last year's equipment.

Pepsi-Cola's art competition is ended. It's the fault of artists, says President Walter Mack. He was "disappointed" by the caliber of works received, says "many prominent artists" weren't represented. The show had meant more than \$40,000 annually in prizes and scholarships.

Republic Steel has bought a substantial stock interest in Liberia Mining Co., the concern that is exploiting the potentially rich Boni Hill iron-ore deposits near Monrovia (BW-Dec.13'47, p113). Republic will get first call on the company's output. But that will be several years off, when a railroad and other facilities are built.

John Abbink, McGraw-Hill International's former chairman, has been appointed adviser to the State Dept. on Truman's world-development program (BW-Jan.29'49,p19). He will work with businessmen interested in foreign investment.

New U.S. liners are on the way. Last week, keels were laid for: (1) the first of two 20,000-ton trans-Atlantic passenger express ships for American Export Lines; (2) the first of three 12,600-ton funnel-less luxury liners for American President Lines. And U.S. Lines hopes to build a \$67-million super-liner.

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Why 10¢?



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One 100 KW, 10,000 cycle TOCCO machine does 139 different production hardening jobs at Lima-Hamilton Corp., Lima, Ohio.

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Progressive engineers at Lima-Hamilton Corporation recently adopted TOCCO Induction Heating for the hardening of bearing areas on this slide pin used in famous Lima Power Shovels. Your part may be very different but if it has to be hardened, soldered, brazed, annealed or forged TOCCO probably can cut your costs and improve your products, too.

CUTS COSTS Formerly this pin was carburized and hardened all over by conventional heating methods. Distortion was such that each part had to be straightened and then centerless ground to close limits. Rejects often ran 25% to 30%. TOCCO heats just the bearing areas that require hardening—result, no distortion, no final grinding, no rejects and 9¢ saved on each part. Production is 410 pieces per hour.

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WHAT'S YOUR SCORE?

Quiz for men who do business in New York State

1. Of all the factories in the 48 states, New York has 5% (), 10% (), 19% ()?
2. With only 10% of the country's population, New York gets the greatest share of the nation's income. True or false?
3. New York State, with over one-fourth of the banking resources in the country, has how many state-wide banking organizations? Ten (), Five (), One ()?
1. 19% . . . virtually one out of five!
2. True.
3. Only one banking organization has state-wide coverage: Marine Midland. And that's plenty important to you in plenty of ways. Speeds up collection of your checks and drafts, for instance. And don't neglect the fine opportunity Marine Midland affords you for pertinent information on local business conditions. Open your account with Marine Midland Trust Company in New York City!

Marine Midland Banks serve . . .

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Lackawanna
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REGIONS

Vermont Helps Small Business

State sets up Bureau of Industrial Research to help those manufacturers who can't afford to hire specialists to solve today's complex production, marketing, and transportation problems.

Vermont is a state of small businesses. Only 3% of its factories have 200 or more employees. About 87% have 50 or less. That's why the Vermont Bureau of Industrial Research was founded—and why Vermont manufacturers were lobbying in Montpelier this week to keep the state legislature from cutting the bureau's appropriation.

• **The \$57,000 Question**—The bureau's budget for the current fiscal year is \$57,000. It has asked the legislature for at least as much for the coming year. So far no final action has been taken, but the bureau is afraid its appropriation will be sliced.

To try to convince the legislature of its value to the state, the bureau submitted an eight-page pamphlet; this detailed the bureau's setup and operations, and argued that, through the bureau's services, the state as a whole benefits.

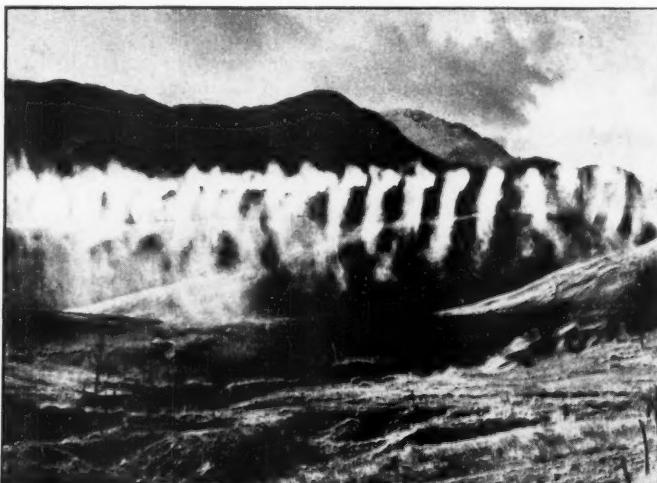
Manufacturers who have been helped by the bureau's services chipped in the money for the folder.

• **Problems**—Small manufacturers are faced with two big, related problems: (1) big-business competition; and (2) the growing complexity of the problems involved in production, transportation, and sales.

Large corporations can hire specialists to deal with these problems. Small companies can't afford to. Yet, to compete, they must keep informed about changes in rail rates, sales ideas, markets, cost-cutting production methods.

• **Setup**—That is the job the Vermont Bureau of Industrial Research is set up to do.

It is officially a part of Norwich University, at Northfield, Vt.; its staff members are officially on the university staff, although they do not teach. Actually,

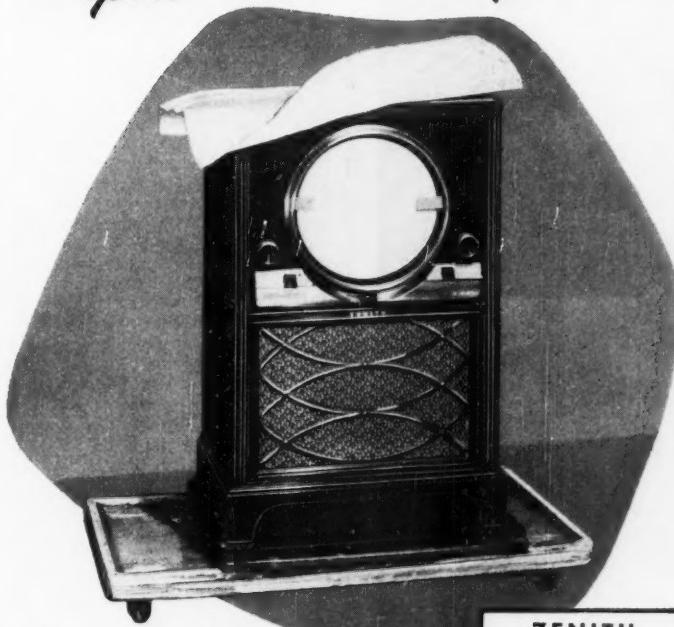


Gold Mine Draws Water Curtain on Dust

This is a gold mining company's answer to a tough public relations problem. Clouds of dust blown up from Golden Cycle Corp.'s 13-million-ton pile of mine tailings were floating into nearby Colorado Springs, Colo. Citizens put up a howl. To keep down the dust—and public indignation—

Golden Cycle hung this water curtain in the sky. It surrounded the 100-acre pile with a high-pressure water sprinkler. When mountain winds stir up dust, a Golden Cycle worker just turns a valve and a sheet of water drags down the dust, drenches the pile thoroughly.

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Cuts shipping costs— reduces damage in transit!

KIMPAK creped wadding gives your product better protection, yet saves you money, too! It's strong—to guard the most delicate articles; flexible—to adapt to any product; soft, clean and smooth—to provide the surest protection for finished surfaces! Yes, damage enroute is remarkably reduced with such safe, dependable protection!

KIMPAK reduces handling costs, because it's so easy to apply and pleasant to handle. And nothing else can equal the

eye-appealing neatness of a KIMPAK wrapped product! Investigate now the many advantages of this newer, better packaging material. There's a specification to meet every requirement of the four basic methods of Interior Packaging . . . Surface Protection, Flotation Packaging, Blocking and Bracing, and Absorbent Packaging.

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CREPED WADDING

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1. Sheet of Kraft-backed KIMPAK is laid over top of cabinet and down sides.

2. Corrugated container is pulled down over KIMPAK-protected cabinet finish.



3. Assembly is up-ended, and container closed tightly at bottom over wood base frame protecting legs of cabinet.



4. Completed shipping package now provides full surface protection for the cabinet from container wall contact.

All photographs courtesy of Zenith Radio Corporation, Chicago, Ill.

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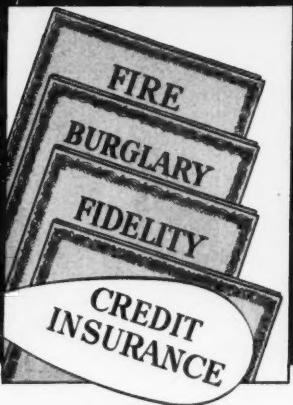
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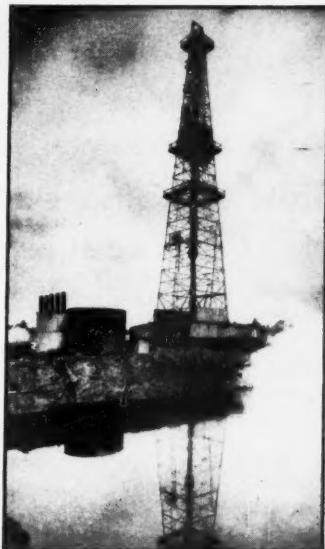
GUARANTEES PAYMENT OF ACCOUNTS RECEIVABLE



the bureau is an autonomous body; its expenses are paid by the state rather than the university. The tieup with Norwich is helpful in many ways. Among them: University facilities (notably those of the engineering department) are available to the bureau; professors and other experts on the university staff are available for consultation on specific problems.

The bureau's staff, at present, consists of four men. All are under 35. R. Byron White, the 29-year-old director, is a graduate mechanical engineer. The others are specialists in the fields in which most of the bureau's problems are met: James R. Mereness, transportation; A. Burt Porter, Jr., sales and costs; Jack Woolley, production.

• Shift—The bureau was first set up in 1939 to do research work. It shifted its operations to the present basis last year, when the need for consultation on individual manufacturers' problems became apparent. It does a job for a company only when specifically asked to do so. But the staff members also do some missionary work—just to establish



Record Hole—No Oil

The bottom of this oil well is more than 3 mi. down—18,734 ft. to be exact. That's a world's record in oil holes. It's the result of only 200 days of drilling by Superior Oil Co. at its Limoneira No. 1 wildcat well in Ventura County, Calif. With drilling smooth and easy all the way, Superior says the whole job cost under \$500,000. The only hitch was that the drillers didn't strike any oil. But Superior figures it got its money's worth in geological data.



No...he doesn't know every industry like a book...

... but there are a lot of things he does know about each of them. As a Square D Field Engineer, it's his business to know electrical distribution and control as it applies to any industry. By working with all kinds and sizes, he encounters a lot of questions—and helps work out the answers. As a matter of fact, his full-time job is working with industry—helping find that "**better way to do it.**"

If you have a problem in electrical distribution or control, call in the nearby Field Engineer. This engineering counsel is available through more than 50 offices in the United States, Canada and Mexico.

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**... now linked in a joint undertaking
to extend the availability and effectiveness
of Microfilming as a modern business tool**

W H E R E V E R T H E R E ' S B U S I N E

business



This new arrangement promises important benefits to business concerns

Effective immediately, the entire production of Bell & Howell microfilming equipment will be distributed and serviced through the worldwide Burroughs organization.

Bell & Howell microfilm equipment, built to standards of precision and dependability that have made Bell & Howell the recognized leader in the field of photography, incorporates many important technical advances. And Burroughs, through the unmatched size, scope and training of its organization, is uniquely equipped to help business take full advantage of this exceptional microfilming equipment.

For many years, Burroughs has worked closely with users of figuring, accounting and statistical machines to achieve increasingly efficient mechanized systems in the office. With this background, Burroughs can now help business integrate modern and efficient microfilming into its systems and methods to save time, space and money in the reproduction of records for current use and for storage.

Burroughs world-famed service organization will provide not only efficient maintenance of microfilm equipment but also prompt service in the processing of films for microfilm users.

BURROUGHS ADDING MACHINE COMPANY
DETROIT 32, MICHIGAN

Bell & Howell microfilm equipment is based upon a new principle of recording, which doubles the efficiency and halves the cost of microfilm for many business purposes.

THE R E ' S

Burroughs



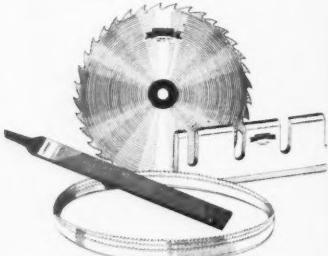


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... every day in the year!

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contacts and let small companies know the services that are available. These personal calls are helpful, says the bureau, "because sometimes the manufacturer does not know he has a problem."

The bureau has made at least a first call on about two-thirds of Vermont's manufacturers. About one out of five companies has asked to have a problem solved. The bureau has completed some 100 jobs; 50 more are in process. It is now working at the rate of 250 jobs a year.

The problems the bureau faces vary widely. Here are a few typical cases:

Woodbury's Woodware, Burlington, makes hand-turned salad bowls and trays. It has five employees. The owner asked the bureau to help him figure out a way to increase both the plant's output and the workers' wages.

Woolley, the bureau's production specialist, was called in to work out a piecework-pay system. Because of the many types and styles of product, the time study was unusually difficult for such a small operation. Since the system was put in, output has risen 15%; wages about 10%. Furthermore, the new pay plan is easy to administer—an important point when all the company's clerical work is done by one person, part time.

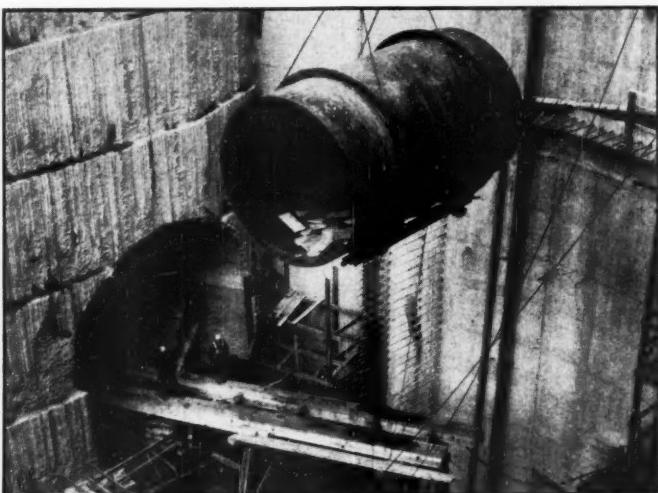
Queen City Tulatex Corp., Burlington, has 200 employees. It makes a pad-

ding out of Mexico-grown istle fiber, which it weaves into rope form and then machine-presses into bales. Rising transportation costs were squeezing its profit margin.

Mereness, the bureau's transportation expert, recommended that the company stop shipping its raw material all-rail from Monterey, Mexico, to Burlington. Instead, he suggested that the fiber be shipped by rail from Monterey to Tampico, then by water to Montreal, then by rail again to Burlington. This will save the company about 8¢ per cwt.; if the routing had been in effect all last year, the saving would have come to about \$6,000.

Kinox, Inc., Rutland, makes garden stakes, has three employees. It sells mostly by mail. The owner, R. W. Hoag, asked the bureau to help him expand his mailing lists. Porter, the specialist in sales and costs, got this job.

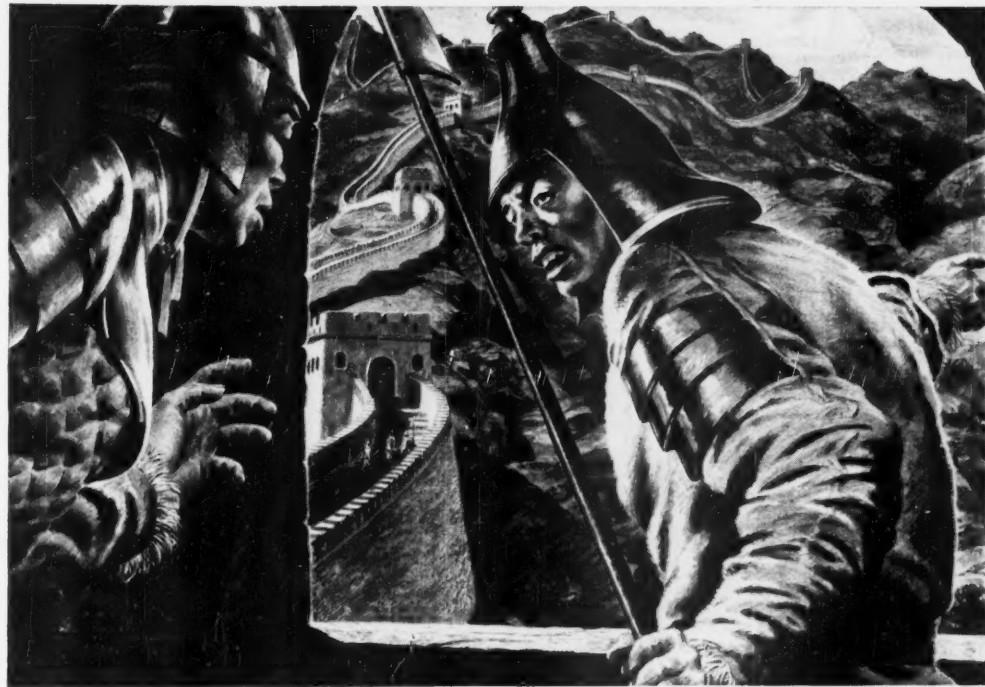
Porter considered several possible methods. Among them: trading lists with noncompeting sellers; going to list brokers and list houses; advertising in garden magazines and using the returns as a basis for a list. He finally settled on direct inquiry as the cheapest and most efficient method. He asked fair associations throughout the country for their entry lists and the guest books from their flower shows; he is now doing the same thing with garden clubs



One of 10 to Feed Columbia Basin

Any two pipes as big as this 12-ft.-diameter section could carry enough water to supply the combined needs of Chicago and New York City. But this is only one of 10 pipes this size which will carry water from the Grand Coulee pumping plant to serve Washington state's Columbia Basin. Engi-

niers of Consolidated Western Steel Corp. of Los Angeles, a U. S. Steel subsidiary, are lowering the 17-ton section toward its tunnel under the pumping plant. Consolidated Western is subcontracting the installation of more than \$1-million worth of pipe for the Grand Coulee project.



The 80,000 Eyes of Shih Huang-Ti . . .

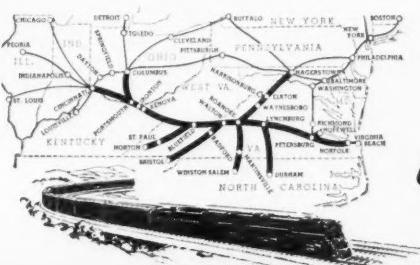
The Chinese Emperor, Shih Huang-Ti, posted a sentinel in each of the 40,000 watchtowers built in and near his empire's first line of defense — The Great Wall of China. Through blizzards and blazing sun, day and night, 80,000 eyes watched for the first threat to the safety of China. This is one of the greatest examples of human vigilance known to the world.

But men learned that the human eye cannot be everywhere and observe everything. In the progress of the world, men have created thousands of instruments of watchfulness to increase safety and sureness in a world on the move.

One of the greatest examples of modern watchfulness is the railroad. On the Norfolk and Western, trains are moving every minute of the day and night, carrying people and the things they use. Many thousands of "eyes" which never tire, guard their movements. "Eyes" of research — chemistry, physics, electricity and electronics — all are used in the job of good railroading . . . "eyes" that control switches and signals which shepherd the safe movement of trains . . . "eyes" that test and bore into

the heart of materials, searching for imperfection — "eyes" that inspect, detect, and help build safer track and roadbed — "eyes" of electric fences to warn of track obstructions. These are just a few of the thousands of "eyes" on this railroad, which are constantly on the alert to protect traffic . . . and to help provide better and better transportation service for the passengers and shippers of the Norfolk and Western Railway.

The Great Wall of China dates from the Third Century, B. C. It extends along the northern frontier of China, on a zig-zag course. Its total length is estimated at 2,550 miles, with 25,000 built-in watchtowers and 15,000 detached ones. In most places, it is approximately 17½ feet thick and 16 feet high. Built of two parallel walls, it is filled in with earth, stone, and the bodies of a million men who died in building it. The Great Wall contains enough material to build a barrier 8 feet high around the world — and, according to some scientists, it is the only work of man that would be visible from the moon.



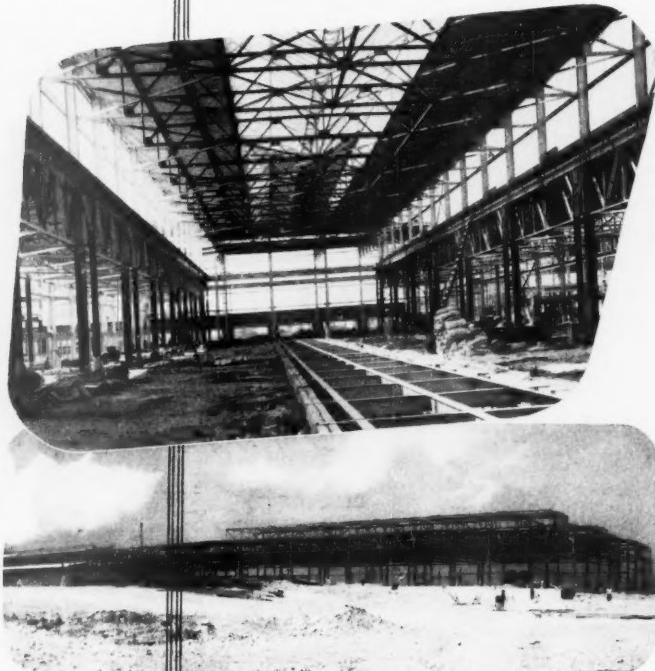
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Large buildings, such as huge industrial plants, bridges, and airport facilities, present no problem to Allied estimators. They estimate production and erecting costs on such projects every day. Engineers in charge of this kind of industrial construction know that their plans and specs will be carefully followed. Send your job to Allied for estimates on both fabricating and erecting your structural steel.



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and their flower shows. Hoag's list has already been boosted 15%; Porter expects the gain to run to 30% by the time he's finished.

Townshend Furniture Co., Townshend, makes white-pine bedroom and occasional furniture. It has 40 employees. Woolley spent several days there last summer, studying the production setup. He uncovered enough waste motion and unnecessary operations to justify complete alteration of the working places and movements of the operators. The changes have boosted daily output between 10% and 15%, with no added labor, and very little expense.

Sugarbush Farm, Woodstock, makes maple candy. It has two employees. The owner asked analysis and criticism of a sales letter he had written, to try to get Vermont companies to send maple candy to out-of-state customers as Christmas gifts. Porter studied the potential market, and worked out a scientific sales letter.

Bowen-Hunter Bobbin Co., East Corinth, makes rough bobbins. It has 90 employees. It asked the bureau's help in connection with a shipment of bobbins to Chile. Mereness discovered that the company had not obtained an import license from Chile; had the bobbins gone out without it, the shipment would have been subject to a heavy fine, maybe even confiscation.

• **Management Aids**—Personal consultation is not the bureau's only service, though it is by far the biggest. In addition, the bureau publishes from time to time what it calls "Management Aid Bulletins." These are articles on such topics as how to analyze the market for a product, new-product development, business cycles and small business, profit sharing, and basing-point problems. Each is written by a recognized authority; the basing-point article, for instance, was done by Corwin D. Edwards, director of the Federal Trade Commission's Bureau of Industrial Economics. These are distributed free to Vermont manufacturers.

Another bureau service: an annual Wood Products Conference. Woodworking is Vermont's most important single industry; these conferences bring together experts, who talk principally on new developments and new slants on old ones.

• **Different**—Several other states support departments of industrial cooperation through state universities. Most of these concentrate on research and development, on new products and processes, on the longer-range problems of the state's industries.

White believes the Vermont bureau is significantly different from almost all of these—in its small, on-the-spot jobs on individual companies' problems—particularly in the fields of transportation, sales, and costs.



COAL FOR THE FUTURE

Coal for the Future

America's coal industry is an industry of strange paradoxes. On the one hand, coal is our major, long-range source of energy—its reserves are tremendous. On the other hand, coal has been losing ground to oil and gas, competing sources of energy.

Coal is indispensable in our national economy. It is fuel—for the home as well as for the manufacturing plant. It is power—for the corner garage as well as for the steel mill. It is 200,000 different chemicals, from aspirin tablets to TNT.

Yet the industry is beset with problems. The solution for some of them may be postponed for a while. Other problems are immediate and more pressing—their solution will have an impact on all business, all industry.

Today, more than ever before, leaders in the coal industry are facing squarely the problem of building a healthier, stronger industry.

There is earnest study of methods to attract more capital. Mechanized mining, for all the advances that have been made, still offers a broad field for advancement. Research is being pushed on many fronts, and at a pace never before achieved. There is even some trend toward unification that should yield bigger, stronger companies, financially equipped and capably manned to meet the challenge of the times.

Fundamentally coal is in an enviable position. The energy needs of the nation are rising, will continue to rise in the foreseeable future. And coal, far from diminishing in importance, will attain new dominance when and as oil and gas reserves dwindle.

But that is something a future generation of management men must face—just as they must face atomic energy and its impact on the entire power picture. For the present generation these are only matters of engineering study, of long-range economic planning.

There is more current interest in the fact, for example, that the rich petroleum industry is interesting itself in solid fuels. In the long run, a much closer relationship between coal and oil is bound to develop. And the accomplishments of the oil industry—productionwise, researchwise, marketingwise—would seem to indicate that such a trend bodes well for coal (if not for many of the 9,000 or more individual companies that now comprise the coal industry).

There is more immediate interest, too, in the financial problems facing coal men. Profits have not been large. Working capital has been painfully short. And funds for modernization, improvement, and expansion have not been spent so freely as in other industries.

The whole nation also watches coal anxiously these days as the key spot on the labor front. No labor leader

is as familiar in the public eye and mind as John L. Lewis, head of the United Mine Workers of America.

Much attention is given to the short-term outlook for coal. But the long-term outlook is far more exciting. To understand both, it is necessary to know the basic facts. What is the supply situation? What about capacity? Competition? Distribution? Labor? Finance? Mechanization?

I SUPPLY AND CAPACITY

For all practical purposes, America's coal supply may be regarded as inexhaustible. Certainly not in our generation, or in the generation of our children's children, will there be cause for concern on this score.

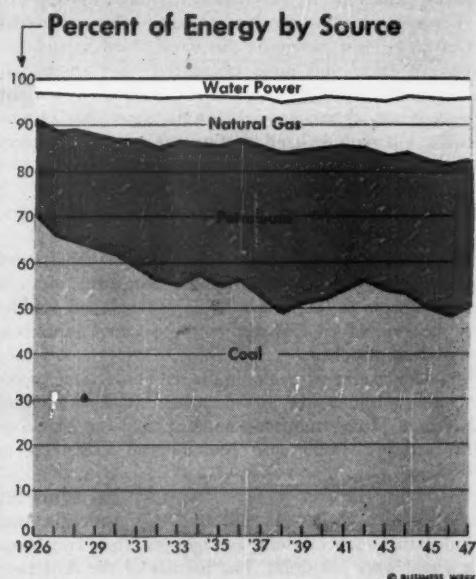
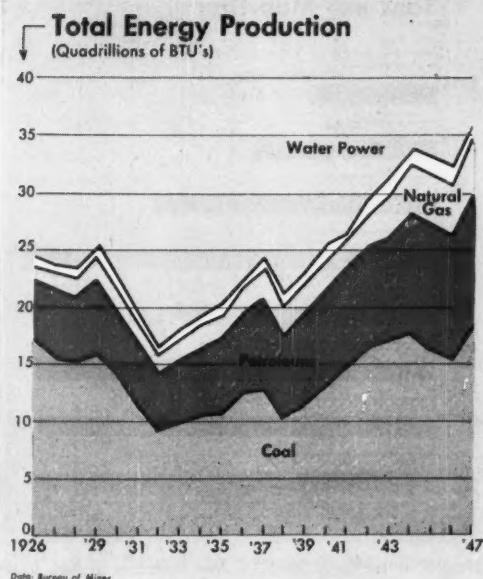
Estimates of reserves range all the way from 3-trillion tons down to 224-billion tons. And while these estimates are not always directly comparable (some refer to total reserves, some to reserves of those types that are economically recoverable and usable only under present-day conditions), they still leave little doubt that we have plenty of coal. At the worst, the nation has coal enough to last many decades at present consumption rates; at the best we have enough to supply the entire U.S. energy needs for 1,700 years.

Coal is scattered over 31 states and Alaska. In the western states are vast amounts of little-used sub-bituminous and in the Great Lakes states lie more seams of soft coal. But the heart of the coal industry is the Appalachian region. West Virginia, Pennsylvania, and Kentucky combined turn out nearly two-thirds of the nation's bituminous; Pennsylvania accounts for practically all the anthracite (used almost entirely for home heating). Because of the high extraction rate, this is the region which may first face the problem of dwindling reserves. But even here, that day is a century away.

America's coal industry suffers not from lack of capacity, but from over-capacity. In 1947, some 8,700 bituminous and lignite mines turned out a record 630.6 million tons—and did it in 234 working days (average for all miners). That means each miner worked only 4.5 days a week, on the average. Working six days a week, miners could have produced 830-million tons.

But these figures do not tell all. They cover only mines producing at least 1,000 tons a year; the U.S. Bureau of Mines finds it impossible to gather statistics on the untold number of little mines. An educated estimate places their number at 3,000 or 4,000. Their output isn't great even in total; but in an industry already afflicted with over-capacity, these little fellows serve only to aggravate the situation.

Unlike the oil and gas industries, coal mining is chiefly an industry of single enterprisers and small family com-



panies. Many of the larger units are "captive" mines; their output doesn't enter the commercial market. It goes directly to steel mills and their coking ovens and, to a lesser extent, to some railroads, electric utilities, manufacturers. Captive mines account for about one-sixth of our soft coal production.

Coal mining is divided sharply into two categories: underground and strip mining. As recently as 1940, less than 10% of our soft coal came from strip mines. But by 1947 it represented a fat 22.1% of total output. In the period 1940 to 1947, the number of strip mines rose from 638 to 1,750; by comparison, the total of all mines, strip and underground, went from 6,324 to 8,700.

Strip mining is simpler, less costly, often more productive than underground mining. Power shovels lay bare the coal seam lying close to the surface, scoop up the coal in bites limited only by the size of equipment used. The result: Strip mines in 1947 produced 15.93 tons of coal per man per day, underground mines only 5.49 tons per man per day.

II DISTRIBUTION

While coal moves into every state, 88.5% of it (exclusive of fuel for railroads and steamships) ends up in states east of the Mississippi River. Pennsylvania, with its steel mills and other industries geared to coal as a source of fuel and power, alone absorbs 16.6% of the total so distributed. The East North Central States take 40.1% to lead all other regions.

Some 80% of our coal is loaded at the mines directly into railroad cars or river barges; another 8% is trucked short distances to rail sidings or water loading points.

About 8% more moves by truck to market. The remainder is made into coke at the mines, shipped by conveyors or trams, used by mine employees, used at mines for power and heat, or is dumped directly into locomotive tenders at the mine.

Since by far the greatest part moves by rail, coal distribution is directly dependent upon car supply. Transportation, not coal production, is the bottleneck in times of peak demand.

III MECHANIZATION

Over the past quarter century, the coal industry has made considerable progress in mechanizing mining operations. This has increased productivity, reduced employment sharply, kept costs from rising as fast as wages—a vital factor in an industry where labor still represents a good 60% of the total costs.

Back in 1923, the industry had 704,793 men employed in 9,331 mines—both alltime records. Output averaged 4.47 tons per man per day. In 1947, 419,182 men, working in 8,700 mines, turned out a record 6.42 tons per man per day.

Even in 1923, mechanization had made progress insofar as cutting coal from the face of the seam is concerned. Machines designed to bite into the coal and tear it loose accounted for 68.3% of underground production. But it still took men wielding hand shovels to load the loose coal into cars or on conveyor belts for transport to the surface; only 0.3% of the coal produced underground was loaded mechanically.

Today 90% of coal is cut mechanically, better than 60% is loaded mechanically (the figures exclude surface

mining, which by its very nature is fully mechanized).

Experts agree that mechanical cutting has progressed about as far as it can go on this score. Newer machines may cut faster and more efficiently. But some coal always will be produced in mines too small to warrant the expense of mechanical cutters; some coal seams always will require hand cutting. That the optimum proportion has been reached is indicated by the fact that little improvement has been made for nearly a decade in percentage of machine-cut coal; in 1938 some 87.5% was so cut.

But with 40% of the coal still loaded by hand, there remains plenty of opportunity for further mechanization here. People in the industry believe that hand loading can be reduced to 25% before the practical saturation point is approached.

Mobile loading machines in use have an average capacity of one ton to five tons a minute, R. L. Anderson, Bureau of Mines engineer-economist, told the American Institute of Mining and Metallurgical Engineers in February.

Assuming an average of 2.5 tons a minute for the 3,569 mobile loaders in use in 1947, Anderson concluded that each machine averages less than two hours of actual work per shift. The balance of the shift time was spent in cutting, drilling, shooting, timbering, or waiting for haulage units. His conclusion: Mine efficiency can be stepped up tremendously simply by reducing the idle time of loading machines.

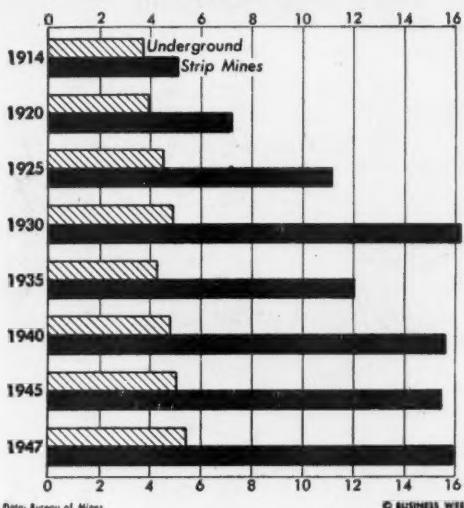
A little digging behind the widely quoted figures on improvement in coal mining productivity reveals one significant aspect about mechanization. It is true that overall productivity has increased 44% in 25 years. But the real improvement has been in strip mining, not underground; in that quarter century (1923-1947) strip mining productivity rose 71%, underground only 24%.

Figures like these explain why Bituminous Coal Research, Inc., is spending \$250,000 in research on a machine that would combine cutting and loading operations for underground mines. And they explain why coal men are excited by such developments as Joy Manufacturing Co.'s "Continuous Miner" (BW-Dec. 25 '48, p34) and Sunnyhill Coal Co.'s "Colmol" (BW-Nov. 6 '48, p26). Both these machines dig and load coal in one operation.

Industry talk is that these machines could produce 100 tons of coal per man a day. Recently some smart young men at the Bureau of Mines got out pencils and slide rules to see what such production could mean. Assume, they said, that such a machine turns out 75 tons per man per day, that the machine costs \$100,000 to buy and another \$100,000 for maintenance; also that the operator gets a whopping \$50 a day to run it (present wage is around \$15 a day). Labor costs, with all these assumptions, could be reduced \$1.50 a ton from the present level, they concluded. And that saving would be reflected fully in the mine price—and in the price to the consumer.

What they did not include in their figuring, however, is the problem of getting all that coal out of the mine

Tons per Man-Day



after it is cut and loaded. Any speedup at the mine face requires an identical speedup in transportation to the surface, in sorting and cleaning in the mine tipple, and in rail or other haulage from mine to customer.

Back in the days when coal was largely hand-mined and hand-loaded, coal emerged from the mine fairly clean; workers picked out such impurities as slate before shoveling it into mine cars. But mechanical cutters and loaders can't distinguish between coal and slate. So, with the growth of mechanized mining, there developed the need for processing plants to do this job (as well as to sort coal by sizes and grades).

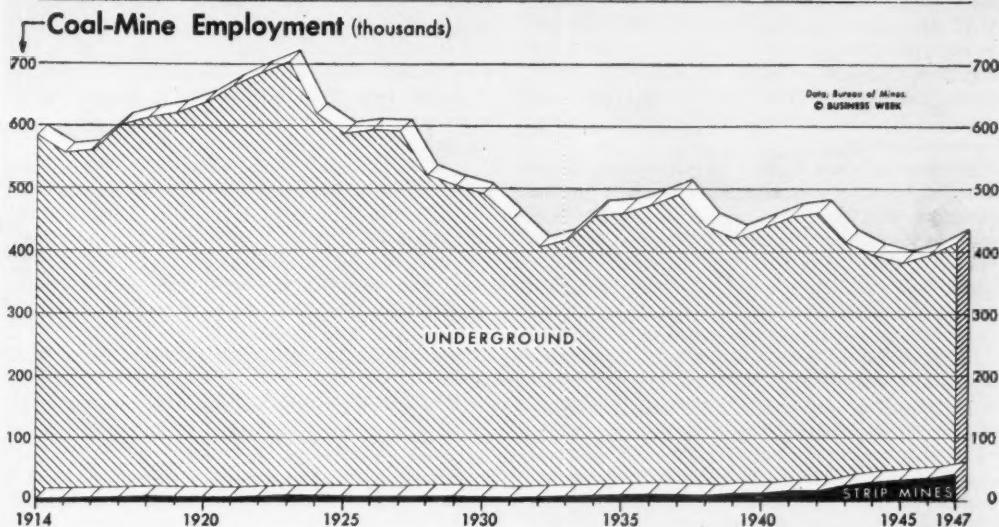
In 1923, only 3.8% of our coal was mechanically cleaned; today 27.7% is so treated. And that figure is bound to rise as mechanization is extended, as consumers become more "choosy" about the quality of coal they get for their money.

IV CONSUMPTION

Coal production is geared directly to consumption. "Tell us how much coal the utilities, railroads, steel, domestic users will burn, and we'll know how much coal we will turn out." So says John D. Battle, executive vice-president of the National Coal Association.

What Battle is getting at is simply this: Coal doesn't lead, it follows industry. What's more, coal production never exceeds consumption (or consumption plus customer stockpiling). For all practical purposes, coal mines themselves do not stockpile. They can't; it's too costly. Coal moves directly from mine tipple to railroad cars, river barges, trucks. Stockpiling would entail additional handling, and that costs money—20¢ a ton is a fair estimate. So it's cheaper just to leave it in the ground, dig it out as needed.

Domestic consumption reached its record high in



1943. Total for that year, according to Bituminous Coal Institute, was 594.3-million tons. But 1947 was a bigger year for the industry, because a record 68.6-million tons of soft coal was shipped abroad. Of this, 36.6-million tons went to European countries to fill the void created by the war-generated collapse of Europe's own coal mining industry.

The Bureau of Mines, which makes its calculations on a somewhat different fashion than does B.C.I., put 1948 domestic consumption (for selected groups) at nearly 522-million tons. This was divided: coke (most of it winds up in blast furnaces), 107.3-million tons; Class I railroads, 94.8-million tons; electric power utilities, 95.7 million tons; steel and rolling mills, 10-million tons; cement mills, 8.5-million tons; other industrials, 114.3-million tons; retail dealer deliveries (a lot of this goes to commercial or small industrial users), 89.7-million tons; bunker fuel in foreign ships, 1-million tons.

V COMPETITION

America's total energy supply is derived from four sources: coal (anthracite, bituminous, lignite), petroleum, natural gas, and water power. Over the past 30 years this energy supply has risen by two-thirds, in step with the economic growth of the country.

But coal has not shared in this growth; the energy it supplied in 1948 was only 1% greater than in 1918. Oil and gas combined have increased fivefold over the same period; water power has doubled.

Bureau of Mines calculations tell this story graphically: In 1918, 82.3% of our energy supply came from coal, 10.9% from petroleum, 3.6% from natural gas, 3.2% from water power; in 1947, coal accounted for 50.2% of our energy supply, petroleum 32.5%, gas 13.3%, water power 4%.

In all fairness, it must be remembered that these figures are not an exact measure of the loss coal has suffered at the hands of competing fuels. Much of our oil and gas supply does not come into direct competition with coal; gasoline and lubricating oils are examples here, so is gas used to produce carbon black.

But the fact remains that the nation's use of coal was very little larger in 1947 than in 1918, despite the tremendous rise in our overall energy requirements. Coal has slipped, relatively, as a source of energy.

Over the past decade, marked changes have developed in the pattern of U.S. coal consumption. Two dominant factors explain much of this trend:

(1) Competing fuels, oil and gas, have cut into two major markets for coal—the railroads, and domestic and commercial heating.

(2) America's burgeoning demand for electric power and for steel have increased those industries' requirements to a level far above the prewar pattern.

Back in 1938, the railroads were the nation's biggest users of coal; Class I carriers accounted for a good 22% of domestic consumption. But by 1948 the picture had changed radically. The carriers were using only 18%. Coke ovens were the biggest consumers of coal; even the utilities had passed the railroads as coal users.

Reason for this dramatic change, as everyone knows, is the diesel-electric locomotive. The switch to diesels, started before World War II, was halted by wartime curbs on new equipment output. When diesel manufacturers again turned to fullscale locomotive production after the war, use of diesels soared. The diesels' proportion of freight service jumped from 3.6% in 1944 to 20% in 1948 (nine months); of passenger service, from 8% to 38.7%; of switching service, from 21% to 36%. (Oil-burning steam locomotives also lost some ground in this period, electric locomotive usage re-

mained about constant by the nation's railroads.)

Coal men have another worry on this score. Whenever rail traffic declines, it will be steam and not diesel locomotives that will be taken out of service. That's because steam locomotives are older, less efficient. So coal is gradually becoming a residual fuel where once it had its principal market.

The extent to which oil and gas have displaced coal for heating purposes is more difficult to gage. But the fact remains that the number of domestic oil burners in use has increased from 1.9-million at the start of 1940 to 4-million at the start of 1949; gas-fired central heating plants in homes have risen from 1.1-million to 2.6-million over the same period.

Not conclusive, it is true, but indicative of the trend are the figures on percentages of coal consumed by general industry and delivered to retail yards. In 1938 "other industrials" accounted for 27.8% of domestic coal consumption, as calculated by the Bureau of Mines; in 1947 they took 24.8%. Retail yards took 20.3% of our coal in 1938, and 17.8% in 1947.

Figures for 1948 show a further drop, to 21.9% for other industrials, 17.2% for retail yards. But the past winter has been exceptionally mild over much of the country; coal purchases for heating purposes undoubtedly were below normal in November and December.

On the favorable side of the picture, for the coal industry, is the showing made by the steel and electric utilities industries. In steel there is no substitute for coal—or more specifically for coke. As long as steel demand holds high, as long as the steel industry keeps expanding capacity to meet that demand (BW—Nov. 6 '48, p19), the call for more and more coking coal will continue.

Thus we find coke accounting for 13.8% of domestic coal consumption in the recession year 1938, rising steadily to 17.2% in 1942, and reaching an even greater height of 20.6% in 1948.

Even more spectacular has been the growth in coal use by the power industry. From 1938 to 1948, tonnage going to utilities has risen 2.5 times. The utilities accounted for 11.3% of domestic consumption in 1938, and 18.3% in 1948. And the end is not yet in sight.

Part of the growth of the power industry stems from a shift in steel mill power policy. Besides coal for coke, steel long has used coal in other ways—as in supplying its own large power needs. Now mills are buying more power from utilities, producing less themselves. So their coal consumption for this purpose has declined; in 1943, steel and rolling mills used 11.2-million tons, in 1948 they used 10-million tons. Steel today is the second largest user of industrial electricity; it is exceeded only by chemical manufacture.

VI LABOR

No subject is more controversial in the coal industry than that of labor. Many operators contend that the U.M.W. has forced labor costs to such heights that it has hurt them in their competition with oil and gas. They

point to the fact that the coal miner today is the highest paid worker in history; his average earnings in 1948 (10 months) were \$71.52 weekly, against \$52.81 weekly for all manufacturing workers. His earnings have gone up three-fold since 1939; average weekly earnings in all manufacturing have risen 121%, consumer prices have climbed only 72% in the same period.

U.M.W. officials proudly acknowledge the union's achievements in such matters as wages and welfare benefits. Mine workers are no longer common laborers, wielding pick and shovel, U.M.W. says; they are machine operators, running complicated cutting and loading devices. More than that, they work in the most dangerous of all industries; that fact has to be taken into account in considering their earnings.

Two fundamental principles underlie U.M.W. policies:

(1) It believes that the only way to increase the standard of living among mine workers is to create new values by greater productivity. So, far from opposing mechanization and its attendant technological unemployment, it fosters increased efficiency in the industry. In fact, the union contends that its constant pressure for higher wages, and other benefits, played a big part in coal mine mechanization; operators had to step up efficiency to offset rising costs.

(2) It believes labor costs should not be a competitive factor in industry. With labor costs throughout the industry standardized (as they are), the more efficient operator is in better position to prosper and win out over his less efficient competitor.

VII FINANCE

The coal industry's profit record is anything but good. Bureau of Internal Revenue records going back to 1928 show the industry had a net loss in 12 successive years—1928 through 1939. Since then it has been in the black. But even in the peak year 1947, estimated net after taxes was only \$125-million—small for an industry whose product was valued at \$2.6-billion in that same year.

What about the industry's net income in relation to

9% of Mines Produce Two-Thirds of U.S. Coal

Class of Mine	Number of Mines	Percent of All Mines	Output (net tons)	Percent of All Tonnage
1A	303	3.5	261,773,526	41.5
1B	498	5.7	155,304,990	24.6
2	618	7.1	88,101,348	14.0
3	704	8.1	50,235,424	8.0
4	2,665	30.6	59,568,067	9.4
5	3,912	45.0	15,640,367	2.5
Total	8,700	100.0	630,623,722	100.0

Data: Bureau of Mines.

that of other industries? You have to go back to 1945 for authentic figures. In that year the soft coal companies' net amounted to 2.3% of total receipts; all manufacturing industries showed a net of 2.9%; all industrial groups, 4.1%.

In the face of its unfavorable earnings record, industry dividend policy has been overly liberal, in the opinion of some analysts. During the decade 1930 through 1939, the coal industry lost \$296-million, yet it paid dividends of \$134-million. From 1940 through 1946, it earned \$219-million, paid dividends of \$160-million.

All this is not to say that the dividend rate has been excessive in relation to investment (actually, it has been low as compared with that of other industries); but it has been liberal in the light of earnings, and in view of coal firms' capital requirements.

Shortage of working capital is a problem. In a study of 20 leading bituminous companies, published in Coal Age (a McGraw-Hill publication), Roy E. Dean of Ayrshire Collieries Corp. illustrated this fact dramatically. These 20 firms produce one-fifth of the nation's soft coal. Yet Dean found that their actual working capital was only some \$100-million. And he contrasted this with the status of one major oil company—Standard Oil (N. J.)—which on Dec. 31, 1947, had working funds of \$690-million.

In 1948 alone, the petroleum industry spent more on improvements and extension than the total amount invested in the coal industry—\$4-billion as against \$3-billion.

VIII SHORT-RANGE OUTLOOK

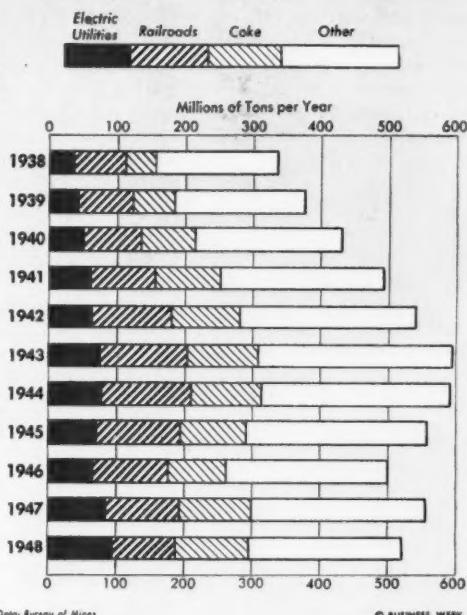
American industry entered 1949 with coal stocks at abnormally high levels. There were 69.4-million tons on hand, or enough to last 44 days at the seasonally high rate of consumption recorded in December. (Coal men believe these estimates, based as they are on reports made by consumers, are perhaps 20% too low.)

Production during 1948 was less than in 1947. In 1949 coal production is expected to decline again; forecasts range from 540-million tons to 560-million tons. Increased use of diesels by the railroads is expected to lop some 10-million tons from demand; exports will be less than in 1948; American industry, with sizable stockpiles, will work these down, do less buying as a result.

This downturn already has started; output in the first nine weeks of 1949 was 16.6% lower than in the like period of 1948. Of course, the "memorial" stoppage ordered in mid-March pulled down production heavily. As a result, coal stocks were reduced more rapidly than expected. Previously, it had been thought that huge stocks would soon cause trouble in the form of weakening prices.

But before that even happens, Washington is expected to hear a clamor for price floors on coal (BW—Feb. 1949, p16). Costs have been rising—average value of coal at the mine was \$4.87, highest on record and 18% over 1947. And these values, pushed up by costs and not

Biggest Coal Users



Data: Bureau of Mines.

© BUSINESS WEEK

by consumer bidding, can't slip very far before some producers start feeling the pinch.

Actually, the larger, efficient commercial operators are not too concerned about the 1949 outlook. They believe that the great bulk of the decline will be absorbed by temporary operators and by small truck mines. If this be true, established commercial companies will be able to maintain production at the tonnage level achieved in 1947. What's more, they point to the fact that an output of 540-million tons (low forecast for 1949) has been exceeded in only five years prior to 1942—and two of those five were during World War I.

IX LONG-RANGE OUTLOOK

Coal men wax lyrical when they start discussing the long-range prospects for their industry. And they have cause to do so. Atomic energy—that big question mark—excluded, coal is the one fuel available in practically unlimited quantities. As America's energy needs grow, coal will assume an ever-increasing importance in our economy. This can be shown in a number of ways, as, for example:

Population. The Census Bureau expects U. S. population to total somewhere between 148-million and 155-million by 1955, between 151-million and 185-million by 1975. Assume that per capita coal consumption continues at the present level, 4.4 tons a year. In 1955, coal demand then would be 19.8 million tons to 51-million tons greater than at present; in 1975 it would be 33-mil-

lion tons to 183-million tons greater than it is now.

Electric Power. Utilities are in the midst of a terrific expansion program; by 1955 they will increase generating capacity 80% over the 1947 level (BW—Feb. 12 '49, p26). Power output by 1955 is expected to rise to 410-billion kwh., against 282-billion kwh. in 1948.

Coal, burned in steam generating plants, accounts for 52% of the utilities' power output. And there is every indication that in the years ahead its relative importance will grow rather than drop. The Edison Electric Institute expects coal will be used to produce 56% of the output in 1955, close to 58% in 1961. (About 90% of the new plants now on drawing boards are being designed for coal rather than oil or gas.)

Even allowing for increased efficiency in transforming coal into electric energy (1.3 lb. of coal now are burned for each kwh. produced; by 1961 it is hoped to reduce this ratio to 1 lb. per kwh.), the utility industry's demand for coal is going to expand tremendously. On the basis of current forecasts, in fact, the industry may well be using 120-million tons of coal a year in 1955, better than 150-tons in 1961.

Gas Turbine. The diesel's encroachment on the coal-burning locomotive is bothersome not only to the coal industry; railroads, particularly those serving the coal regions, don't like it. Coal comprises some 30% of railroads' total revenue freight; it just isn't good business to desert so important a revenue source as coal. So nine railroads have joined with four big coal operators to form the Locomotive Development Committee of Bituminous Coal Research, Inc. Its objective: to design a coal-fired gas turbine locomotive (BW—Mar. 31 '45, p52).

But there are obstacles. Gas turbines operate at very high temperatures—1200°F or more. Metals must be developed capable of standing up in such heat. And when it comes to burning coal to create the gas which runs the turbine, there is the added problem of fly ash; the gas must be free of all ash, otherwise turbine blades would be ruined by abrasion.

Researchers on this project are working on those problems. Meanwhile, two turbine-wise manufacturers, Allis-Chalmers and Elliott Co., have been commissioned to build the turbines. (Other manufacturers also are working on gas turbines for locomotives, but these are oil-fired.)

The coal-fired gas turbine may not reach the rail test stage before 1952. And an even longer time will elapse before it can stand up to the highly developed diesel. But for the long pull—a decade, two decades hence—it offers considerable promise.

Synthetic Fuels. Coal comprises 98.8% of the nation's mineral fuel reserves. The other 1.2% is divided: oil shale, 0.8%; petroleum and natural gas, 0.2% apiece. Just how long our petroleum and natural gas reserves will last is impossible to answer.

The best that can be said is that someday—perhaps 10 years from now, perhaps 60 years—domestic supplies of oil and gas probably will dwindle, become more costly.

Scientists, particularly those in the oil industry, aren't waiting for that "someday" to arrive. They are work-

ing now on methods to produce oil from shale and, more particularly, from coal (BW—Jan. 24 '48, p21). Oil from coal is no dream; it is a reality. The Germans got 30% of their oil supply from coal in 1944. But the cost is high—too high to make synthetic liquid fuels competitive with those derived from crude oil.

Cheaper synthetic fuel manufacturing methods, higher production costs for crude, could change the present competitive picture even before oil reserves get near to the vanishing point. That's why oil men, as well as forward-looking coal men, are working to improve coal-to-oil synthesis; that's why big companies in both fields—Standard Oil (N. J.) and Pittsburgh Consolidation Coal Co., Gulf Oil and Koppers—are joining hands to push these studies; that's why the Bureau of Mines has a \$60-million research and pilot plant program going on coal, lignite, and oil shale.

Coal Mine Gasification. Near Gorgas, Ala., the Bureau of Mines and Alabama Power Co. are conducting new tests on gasifying coal right in the ground (BW—Nov. 16 '46, p17). Purpose is to burn the unmined coal so as to produce a usable gas. This gas then can be burned for power, used to make chemicals derived from gas—or perhaps even synthesized into liquid fuels.

Engineering work on this technique is in its very early stages; a lot of time and effort must be expended to prove its possibilities and limitations. But if the process is eventually a success, the effect on the coal industry would be tremendous. Coal seams too thin to mine would become potential sources of power; even thicker seams could be burned rather than mined; new industries, utilizing the low-heating-value producer gas "manufactured" in the ground, would spring up near the mines.

Minimum Prospects

Hard-headed operators ignore all potential new uses for coal—synthetic liquid fuels, gas turbines, gasification—in calculating their industry's possibilities. And still they are able to justify a forecast that soft coal production will reach 700-million tons by 1965.

Basis for this estimate is the conviction that there will be an overall increase of 25% in energy requirements of the nation, with 165-million people using machines to do more of their work. In the face of this expected 25% rise in total energy requirements, coal has only to furnish 13% more energy than it did in 1947 to reach the 700-million ton output estimate.

Old uses and new uses combined will require a strong coal industry in America in the years ahead.

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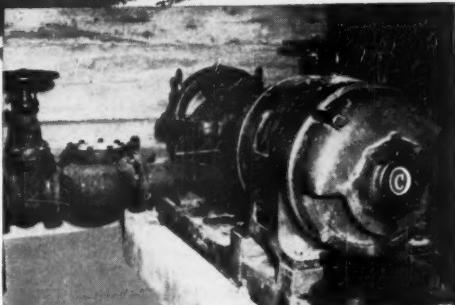
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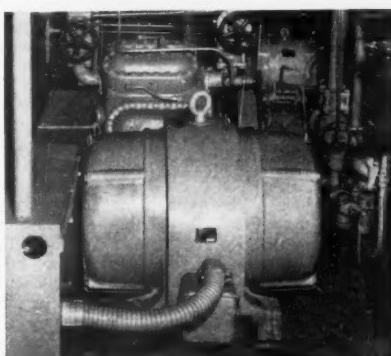
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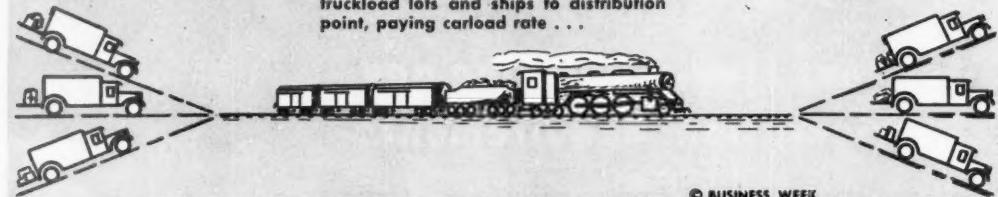
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TRANSPORTATION

Freight forwarder picks up less-than-carload freight from shippers' loading platforms, charges regular l.c.l. rate . . .

. . . Combines shipments into carload or truckload lots and ships to distribution point, paying carload rate . . .

. . . Breaks up loads and delivers to consignees



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HOW FREIGHT FORWARDER WORKS: Small shipments lumped into carload lots mean added speed. It's main reason why . . .

Freight Forwarders' Volume Swells

Acme-Nickel Plate deal points up growing importance of freight forwarders. Year's business now totals \$250-million.

In Cleveland this week, the New York, Chicago, & St. Louis R.R. (the Nickel Plate) and Acme Fast Freight, Inc., were quietly congratulating themselves. They had just made a deal that looks promising for both sides.

Acme, one of the country's biggest freight forwarders, rented from the Nickel Plate a new \$180,000 loading facility at Cleveland. And the Nickel Plate began to haul the estimated 1,000 cars a year of freight that Acme originates in the Cleveland area. Most of this traffic used to go to the Pennsylvania R.R., the proprietor of Acme's former Cleveland quarters.

The deal between Acme and the Nickel Plate points up the growing importance of freight forwarders in the transportation business. It also underscores the fact that, first and last, the forwarder has just one thing to sell-speed.

• **Why the Move?**—Acme's official explanation for the move is that it outgrew its old quarters on the Pennsylvania's freight docks. But Cleveland transportation men say there's a more compelling reason: The Nickel Plate can move Acme's freight from Cleveland to Chicago faster than the Pennsylvania can on this particular run.

Nickel Plate has a direct Cleveland-Chicago line. The Pennsylvania has to send its westbound freight around by its Fort Wayne division; the difference in routing adds six to eight hours more time on the Pennsy.

Hours mean a lot in the freight-forwarding business. Forwarders make their living because they guarantee that

they will deliver a less-than-carload shipment in a specified time. The railroads can promise only that they will get it to its destination.

• **Types**—There are several kinds of freight forwarders operating today. One kind concentrates small-lot export shipments to get better steamship service and to beat the minimum charge that steamship lines apply to small shipments. Another handles "premium packages"—small shipments that have to move in a particular hurry.

By far the most important, however, is the forwarder who consolidates less-than-carload shipments into full carloads or truckloads and hustles them off to their destinations.

Most of these forwarders own no transportation equipment themselves. They arrange with local truckers to pick up and deliver shipments. They use regular rail or truck service for intercity movements. The forwarders charge the l.c.l. rates of the carriers; they pay carload or truckload rates. The spread between the two rates is what they live on. Their greater speed of operation is the big drawing card.

• **Thin Margins**—It's a business of thin margins and tight schedules. The spread between carload and l.c.l. rates has to cover all the forwarder's expenses for transportation, including pick-up and delivery. In addition, it has to pay solicitation expenses, freight-dock rental at both the originating and distributing ends, dock-labor costs, handling and settlement of claims, and billing.

Average weight of the l.c.l. shipment handled by a forwarder is about 450 lb.

The average distance shipped by rail is 800 mi. Between 400 and 800 mi., forwarders usually use trucks. Under 400 mi., they find it hard to beat the competition of the local trucker.

In at least one respect, the forwarders have a better chance to make a profit on l.c.l. shipments than the railroads. Although they have to file tariffs with the Interstate Commerce Commission—like the carriers—the ICC doesn't make them take all freight offered to them. Thus, they can more or less select the class of freight they want to handle. They can rule out shipments that involve too thin a margin, deal only with the better-paying classes.

• **Speed Is the Key**—The trick in freight forwarding is to concentrate enough l.c.l. freight quickly at depots to make up full carloads for one destination. In this, the forwarders have an edge over the carriers: forwarders can consolidate shipments that otherwise might go by several roads.

In Cleveland, for example, five railroads solicit freight for western points beyond the principal gateways of St. Louis and Chicago. It's a rare thing for one of these roads to get enough l.c.l. freight in a single day to make up full carloads for the West and Southwest.

Hence, the roads usually hold l.c.l. shipments at the originating point while they wait for more to pile up. Or they may start a car on its way and stop it at the first point where they can get "fill-out" freight. Sometimes they "fill out" at the originating point with freight that has to be sorted and classified by destination at some intermediate point. It isn't uncommon for l.c.l. freight to be hand-trucked from boxcar to boxcar three times on a fairly short haul.

A freight forwarder, on the other

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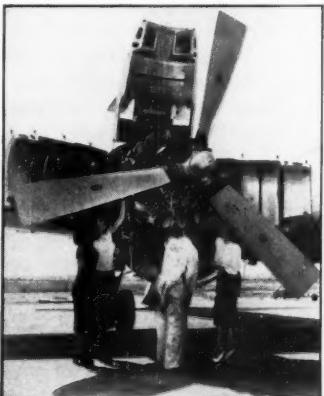
hand, can concentrate enough l-c-l shipments to make up a full car in a hurry. By careful study of routes, he can take full advantage of the service the different carriers offer.

That way, a forwarder can promise delivery on l-c-l shipments from Cleveland to San Francisco in eight or nine days. The railroads, as a rule, can't make a guarantee on time.

• **Cordial Relations**—Forwarders are directly competitive with railroads and long-haul trucks for l-c-l business. But their relations with the carriers are usually cordial, and they always get good service. The forwarders' business is highly profitable for the roads; ordinary l-c-l freight is often a losing process.

Also, the forwarders stand in a strategic position, they can and do switch traffic from one road to another, from rail to truck, or from truck to rail. And they always are on the lookout for a chance to clip a few hours off the time it takes their shipments to go through.

• **History**—Freight forwarding, in one form or another, goes back to the time of the Phoenicians. But the real growth of the system in this country began in World War I. Then, there were various embargoes on l-c-l shipments, particularly between Philadelphia and Chicago. A Philadelphia freight agent, Don C. Hunter of the Chicago Great Western Ry., was thrown out of work by the embargo. He rounded up enough l-c-l freight to fill a car and got permis-



Peeling Upkeep Costs

This unorthodox "orange peel" nacelle strips back to expose one of the twin Pratt & Whitney engines on Consolidated-Vultee's 40-passenger Convair Liner. It opens in a matter of seconds; this speed helps cut maintenance costs. This week, Western Air Lines became the second major carrier to shift entirely to Convairs for two-engine service, replacing DC-3's. American Airlines was the first.

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BUSINESS TRENDS

sion to move it to Chicago. Overnight, he found himself in business as a freight forwarder.

The idea had spread rapidly by the end of the war; the depression of 1921 gave it another boost. Post-mortems on the price collapse showed that inadequate transcontinental service for l.c.l. freight had been one of the major causes of the heavy inventory losses that western merchants suffered. Shipments at that time took 30 days to cross from coast to coast. Pacific Coast merchants had to carry enormous inventories. When the bottom fell out, their losses were just as enormous.

• **Present Picture**—Today, freight forwarders do about \$250-million worth of business a year. And they are fighting hard for more. Lately, some of them have been cutting deeply into the business handled by railway express.

Forwarders have to worry about some competitive threats of their own, however. Local trucks have pretty well crowded them out on short hauls (up to about 400 miles). And express-line motor trucks are pushing them hard on long hauls between midwestern and Pacific Coast points.

Express motor truckers promise delivery from the Midwest to the Coast on the seventh morning after the shipment starts. Forwarders figure the ninth morning. Moreover, truck rates often

shade the railroad l.c.l. rates the forwarders charge.

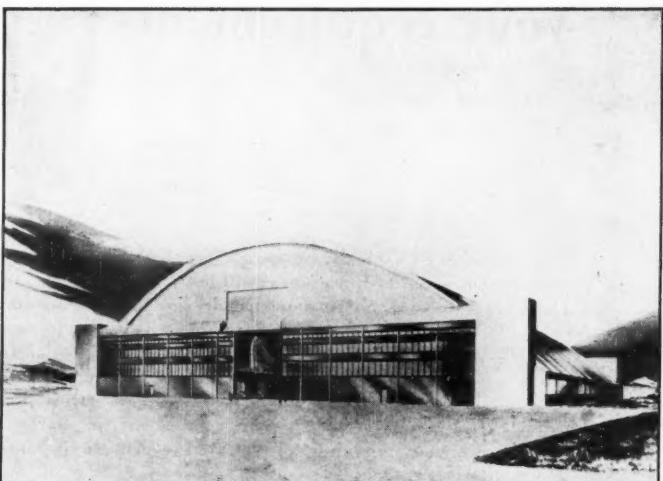
Forwarders have tried to get these truckers to haul freight for them. But most of the deals fell through when the truckers demanded return cargoes.

The return-load problem has also stymied forwarders' efforts to move into air freight. With the railroads, the forwarder buys one-way transportation, and the carrier worries about getting the car back home. Air transport companies usually want a return cargo or make a charge for deadheading a plane to a place where it can pick up a load. And freight forwarders' margins are too slim to allow anything for deadheading.

• **Big Three**—Altogether, there are about 100 freight forwarders in the business today. But the three biggest—National Carloading Corp., Acme Fast Freight, Inc., and Universal Carloading & Distributing Co., Inc.—account for about 60% of the total volume. Each handles a little better than 20% of the total.

Acme is privately owned. It is headed by Thomas Bradley of New York, one of the pioneers in freight forwarding. It has more than 60 receiving stations at strategic freight-originating points. Distribution terminals are situated so that efficient delivery can be made at the end of the haul.

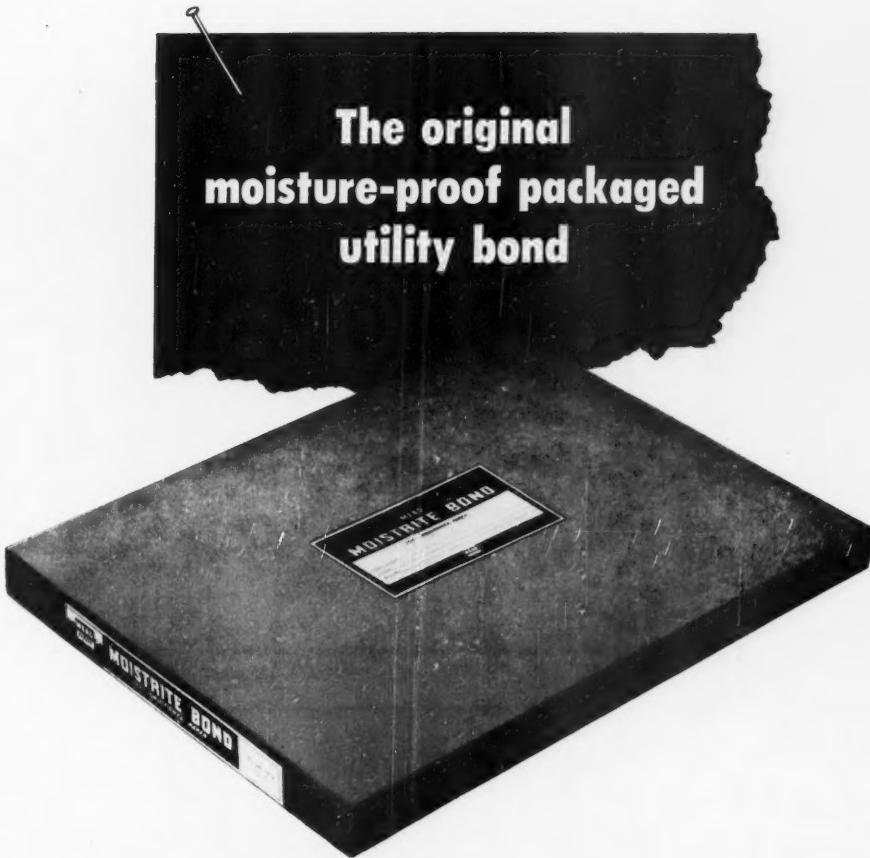
Universal Carloading is owned by United States Freight Co. This holding



Big House in Maine for Super-Bomber

A super-landing field for super-bombers is nearing completion at Limestone, Me. The new field, built to accommodate the Air Force's huge B-36 bomber, has a 10,000-ft.-long landing strip. Aviation engineers say that's the longest runway in the eastern United States. This architect's drawing shows the hangar at Limestone field, which

has a removable panel above the regular doors to make room for the towering tail of a B-36. The rudder-fin of the B-36 would stretch nearly twice as high as the airplane tail shown in the picture. An operations building, control tower, and 250-man barracks are expected to be completed in the near future.



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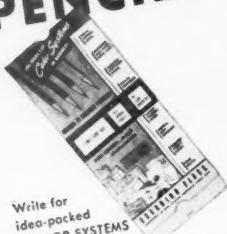
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company was formed in 1925 as a consolidation of forwarding companies, one of which dated back to 1905. The operations of its 15 subsidiaries spread over a wide field. It works on a worldwide basis, with many offices abroad. Unlike most forwarders, it has large fleets of trucks, and also runs a truck-rental service.

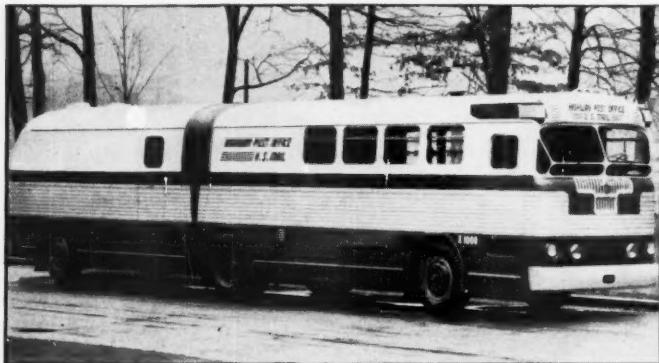
A sizable stockholder in U.S. Freight is the New York Central R.R.

National Carloading is now wholly owned by the Erie R.R. Only last month, the Erie paid the Chesapeake & Ohio R.R. \$4.5-million for its 900 shares (two-thirds ownership) in the company.

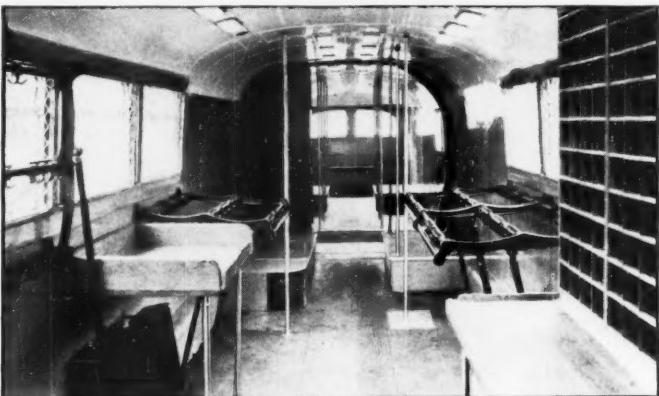
Erie had held a one-third interest in National Carloading since the days of

the Van Sweringen railroad empire. Originally, Erie, C.&O., and Pere Marquette set up a forwarding company. In 1931, this was combined with one company owned by Pennroad Corp. and another owned by the Wabash Ry. National Carloading became the holding company. Eventually, C.&O. emerged with two-thirds ownership and Erie with one-third.

By taking over C.&O.'s stock, Erie protects itself against the chance that a more competitive road would buy into National Carloading. More important, it makes sure that it won't have to surrender carload shipments that National Carloading originates in the East to the Pere Marquette or to the Nickel Plate at Buffalo.



HIGHWAY POST OFFICE will roll between Baltimore and Washington, D. C. Its . . .



INTERIOR has spacious mail-handling room. Driver and three clerks make up crew of . . .

P.O. on Wheels: New Truck Design

Longtime bus builder, Twin Coach Co. of Kent, Ohio, has put in its bid as a truck manufacturer, too. Its first truck product: this motorized post office, built for the government. Twin Coach calls the new model the Super Twin Truck. It weighs about

19,000-lb., about three tons less than conventional truck-tractor vans of the same length and power. Hinged body construction allows the vehicle to bend over hills, prevents jack-knifing. Front-and-rear-wheel steering gives a 35-ft. turning radius.

BUSINESS WEEK • Apr. 2, 1949

NOW - RIDE

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DIESEL-POWERED • STAINLESS STEEL

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Extra Pleasure!
NO EXTRA FARE!



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adjustable leg rests.



Spacious Diner has main
dining room and four semi-
private dining nooks. Deli-
cious meals, expertly served.



Luxurious sleeping cars
offer advanced design in
drawing rooms, bedrooms,
roomettes, sections.



Vista-Dome lounge cars—
one with buffet service—the
other with cozy cocktail
lounge.

• Ride this gleaming new train! Enjoy the greatest of travel thrills—an unobstructed view of mountain wonderlands from the glass-enclosed, air-conditioned *Vista-Domes*. And what scenery! The Colorado Rockies, towering in stately snow-capped splendor, by daylight! Utah and Nevada, by starlight or moonlight! Feather River Canyon, penetrat-

ing the scenic heart of the High Sierra, by daylight! San Francisco, the romantic city by the Golden Gate! Promise yourself now . . . "Next trip between Chicago and the Coast, it's the CALIFORNIA ZEPHYR for me!"

* * *

Through sleeping car daily
between New York and San Francisco

NEW, FASTER SCHEDULE

Westbound (Read Down)	DAILY SERVICE (One Day shown as Example)	Eastbound (Read Up)
3:30 pm Sun.	Lv. Chicago . . . (C.T.)	Ar. 1:30 pm Tue.
11:59 pm Sun.	Lv. Omaha . . . (C.T.)	Ar. 4:55 am Tue.
8:20 am Mon.	Ar. Denver . . . (M.T.)	Lv. 7:15 pm Mon.
8:40 am Mon.	Ar. Denver . . . (M.T.)	Ar. 7:00 pm Mon.
	Colorado Rockies	
10:05 pm Mon.	Ar. Salt Lake City . . . (M.T.)	Lv. 5:40 am Mon.
10:25 pm Mon.	Lv. Salt Lake City . . . (M.T.)	Ar. 5:20 am Mon.
	Feather River Canyon	
4:50 pm Tue.	Ar. San Francisco . . . (P.T.)	Lv. 9:00 am Sun.

ENJOY THESE FEATURES

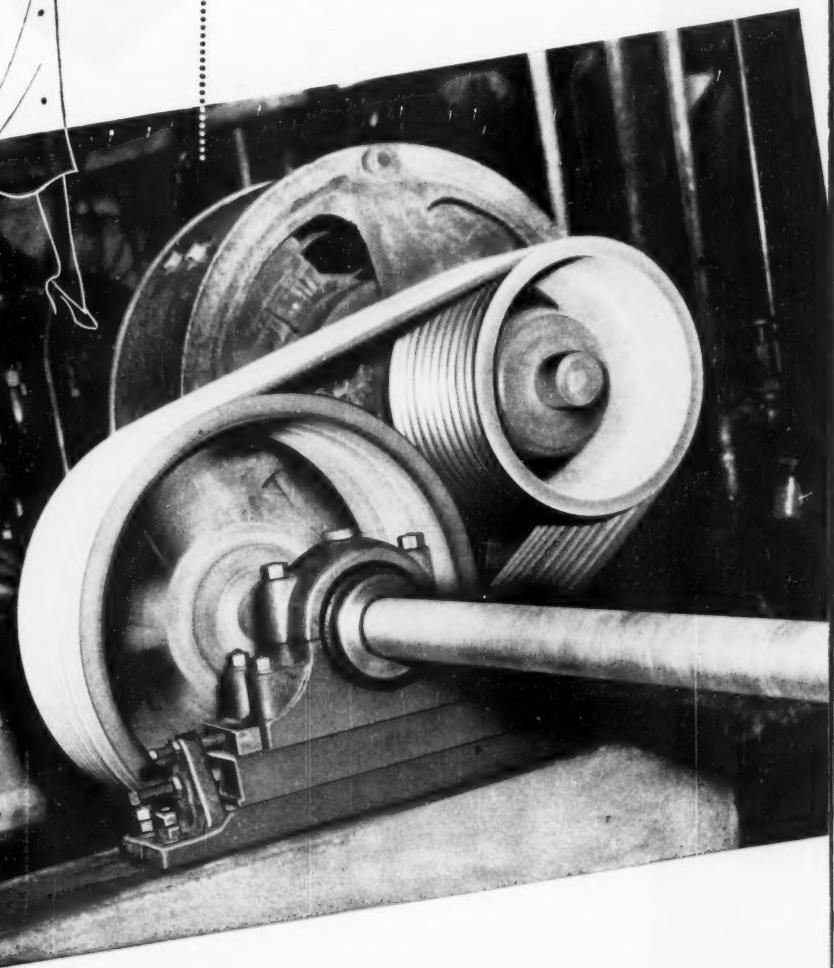
- Hostess service by a uniformed Zephyrette
- Fluorescent lighting
- Wire-recorded music
- Individual reading lights
- Public announcement system
- All cars fully carpeted
- Controlled radio reception
- Valet service
- Women's and children's coach
- Reserved chair-coach seats

BURLINGTON • RIO GRANDE • WESTERN PACIFIC



The drive that cuts production cost on 100-million patterns —

100-million fashion patterns a year are made and sold by the Simplicity Pattern Co., Inc. of Niles, Michigan—the nation's biggest producer of patterns for women's, children's, and men's clothing. The entire operation from paper through printing, cutting, folding and packaging is highly modernized. Modern Dodge equipment contributes to the efficient flow of power which cuts cost on Simplicity's product... Shown below is the Dodge TAPER-LOCK V-Belt Drive which drives their special paper machine. It runs, of course, on Dodge-Timken Bearings.



Dodge Products make industry hum!

Is your backlog vanishing? Are your distribution pipelines filling up? In short—is this the year when your business once more meets the challenge of competition?

Equipment to produce at lower cost is the answer to this challenge. In thousands of plants all over the world smart engineers and maintenance men are finding that answer by applying Dodge "firsts" in mechanical power transmission.

The TAPER-LOCK V-Belt Drive—shown here in the Simplicity Pattern plant—is outstanding among the achievements which have made Dodge *first* in mechanical power transmission. Dodge bearings, sheaves, clutches, couplings, and other drive components, carry power smoothly, efficiently, economically. They can help modernize operations—save time and money, increase production for you.

Whatever the special power transmission problems may be in your plant, the Dodge Transmissioneer—your local Dodge distributor—is qualified to help you solve them efficiently, economically. He's factory-trained to analyze your needs and recommend the correct Dodge equipment. Why not call him now? Look for his name under "Power Transmission Equipment" in your classified telephone directory.

DODGE MANUFACTURING CORPORATION • MISHAWAKA, IND.

FIRST IN POWER TRANSMISSION MACHINERY!

DODGE
of Mishawaka, Ind.

CALL THE TRANSMISSIONEER

Established in 1944, the Dodge school of Transmissioneering now has 464 active graduates. The number is constantly growing. There is a Transmissioneer near you. He can help you find the answer in applying power to the job.



A DODGE "FIRST"

TAPER-LOCK Sheave
Revolutionary . . . the simplest bearing mount device ever devised for holding wheels to shafts. Easy on, easy off—saves time and money.



A DODGE "FIRST"

Dodge-Timken Bearings
Dodge mounts, seals and houses the famous Timken Roller bearing, delivering high quality, ready to lock on the shaft and carry power loads with new efficiency.



A DODGE "FIRST"

Rolling Grip Friction Clutch
No slip! Smooth engagement with a rolling ball and the positive grip of a wedge. Easy, positive, smooth engagement.



A DODGE "FIRST"

TAPER-LOCK Flexible Coupling
Available from stock in sizes up to 12" in diameter without reboring. Famous TAPER-LOCK bushing fastens to shaft with firmness of a shrunk-on fit.



A DODGE "FIRST"

Dodge "SC" Ball Bearing Flange Block
A precision built, self-aligning ball bearing, fully sealed with a deep groove, metallic backed seal that won't blow out under pressure lubrication.



A DODGE "FIRST"

Steering Gear Box
A precision built, self-aligning ball bearing, fully sealed with a deep groove, metallic backed seal that won't blow out under pressure lubrication.

"Paving" the Invisible Roads in the Sky



Mallory Electronics Help Planes Stay On The Beam

Overhead you hear the roar of motors. You look up into the black night and see the winking tail-light of a giant plane. You think of it as boring through the limitless dimensions of the sky.

Not at all! The pilot of that TWA Stratoliner is actually riding a clearly defined highway in the sky . . . "paved" and marked by the miracle of electronics. No matter how black the night nor how stormy, the plane is kept on course and guided safely and surely to the runway.

Mallory has played an indispensable role in "paving" the sky's highways. In the TWA Stratoliner, for example, Mallory capacitors and vibrators power the automatic direction finders and beacon marker receivers. As a TWA engineer says, "They are basic equipment required for our system of en route radio navigation . . . vital to our opera-

tions, particularly during instrument weather."

Mallory has earned an important place in the aviation industry as it has in other fields where pioneering in electronics, electrochemistry and metallurgy is vital. Usually unseen but always essential, Mallory components are in television sets, streamlined hearing aids, automobiles, automatic washing machines—and many other modern products that make life richer and more enjoyable.

If you have a product development problem that is within the scope of Mallory's interests, do not hesitate to call on Mallory. Backed by more than 30 years' adherence to quality and precision ideals, Mallory has attained a unique place in industry by solving the "unsolvable" problems in many varied fields. Our Engineering Staff will be glad to consult with you now.

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SERVING INDUSTRY with Capacitors • Contacts • Controls
• Rectifiers • Switches • Vibrators • Power Supplies •
Resistance Welding Materials

P. R. MALLORY & CO., Inc., INDIANAPOLIS 6, INDIANA

PICTURE REPORT



(1) Uneven Seats . . .



(2) Are Evened Up . . .



(3) By Extra Springs Inserted at Auto Dealer's

When you sit behind the steering wheel of your car, do you suffer from slump, sag, and over-the-dashboard peer? If so, this adjustable seat cushion should be good driving-news to you.

This new aid to extra-short or extra-heavy drivers is called Select-O-Seat. It's designed by L. A. Young Spring & Wire Corp. of Detroit. Select-O-Seat provides places in the seat springs for inserting extra coil-spring segments to compensate for extra weight. The more firmness desired in the cushion, the more spring segments are put in. This fill-in job can be done in a few minutes by the car dealer's service department.

Several makes of 1949 cars carry this new-type seat cushion as regular equipment. The seat comes from the factory with a standard number of coils. As factory-installed, the Select-O-Seat cushion

should satisfy most car-buyers. But if buyers need additional coil springs for adjustment, they can get them from the dealer.

Picture (1) shows an unhappy couple sitting on a Select-O-Seat before proper adjustment for their weights has been made. The heavy man sinks deep in the cushion, throwing his lighter companion off balance.

And picture (2) shows the pleasant effect when extra coil springs have been inserted—and equilibrium restored. Note that the head of the "driver" has been raised up to the white line indicating proper height for full view of the road.

In picture (3), a service man shows how extra coil springs, each picketed in cloth, are easily inserted from the bottom of the seat without disturbing the upholstery.

**WHAT DOES IT COST YOU
TO MOVE MATERIALS
OVER 200 FEET?**



'Trackless Train'
hauls equivalent
of 8-10 truck
loads.

**Mercury "Trackless Train"
Speeds MORE Tonnage
at LOWER Cost!**

• Hauls every ton for less... travels wherever material movement dictates. Works as a cost reduction team with your fork trucks—relieving them of LONG HAUL transporting—freeing them to handle and stack.

Ask a Mercury Sales Engineer to call. Or, request Catalog No. 7-11.



Fork Truck
loads Trailers



Tractor hauls
Trailers to des-
tination.



Fork Truck un-
loads Trailers —
stacks materials

THE MERCURY MANUFACTURING COMPANY

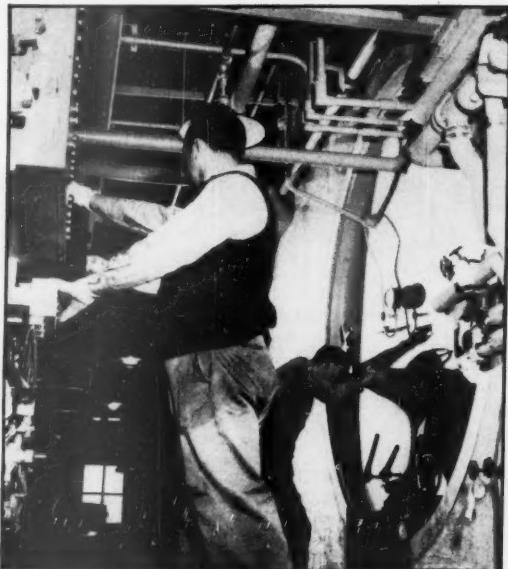
4146 S. Halsted Street
Chicago 9, Illinois



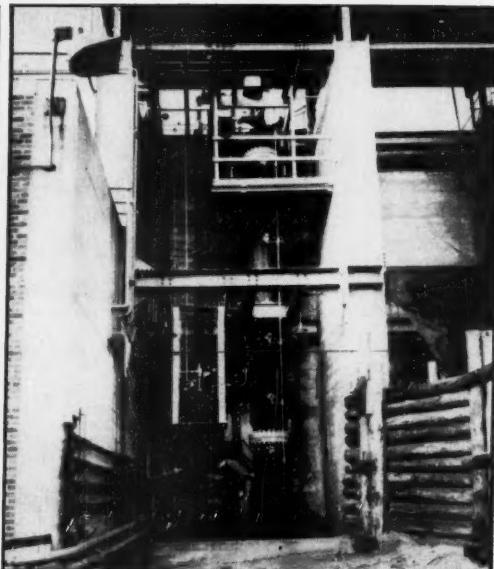
MERCURY

TRACTORS • TRAILERS • LIFT TRUCKS

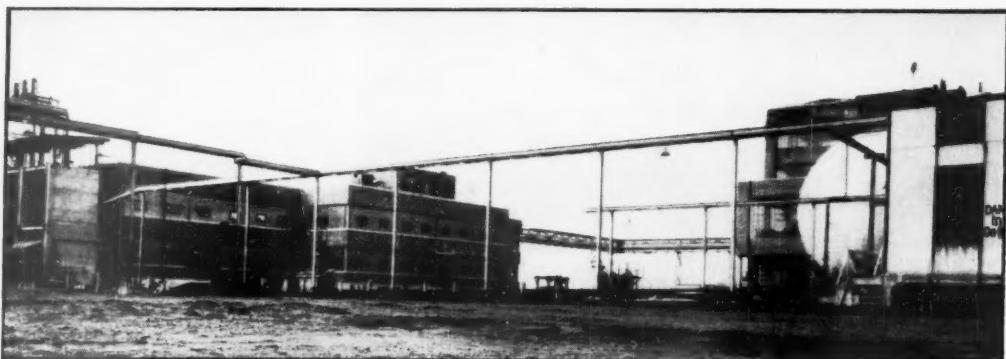
PRODUCTION



CONCRETE BARRIERS separate plant workers from . . .



EQUIPMENT in which acetylene reacts chemically at . . .



NEW GENERAL ANILINE PLANT at Grasselli, N. J. Here G. A. tames the tricky raw material, is trying out techniques whereby . . .

High-Pressure Acetylene Spurs Chemicals

Whole new world in prospect for resins, adhesives, paper, rubber, etc. if improvements of German processes work out.

Acetylene is starting a new phase of its industrial life.

The gas is a basic chemical raw material—as basic as the chemists' other major building block, the hydrocarbons. It's the taproot for a flourishing chemical tree that bears such oddly assorted fruit as acetic acid, synthetic rubber, vinyl compounds, and welding gas.

But acetylene is a bad actor under pressure: It is highly explosive. So it is generally processed at low temperatures. But if you could use high-pressure processing, you would get a whole new host of chemical intermediates, and get them commercially.

Last week, General Aniline & Film Corp. made known that it is now doing

just that—processing acetylene at high temperatures and pressures, on a commercial basis.

• **New Plant**—General Aniline is doing this work at a new plant located at Grasselli, N. J. Right now work is on a pilot-plant basis, but the company is selling the chemicals that result. And when General Aniline proves out the various processes, it's a safe bet that it will go right down the line and set up high-production commercial facilities.

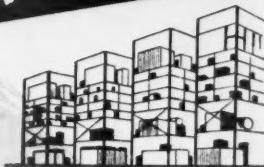
Acetylene is a tempting raw material

WHAT DO YOU NEED?

- BUT QUICK!



LOCKERS



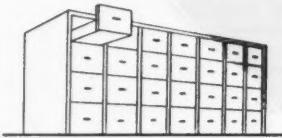
SHELVING



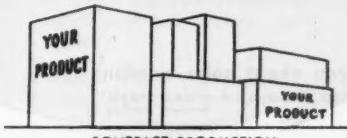
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TO YOUR SPECIFICATIONS



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We can make prompt delivery on LYON Products if you will furnish us with the sheet steel. We will buy the steel from you and ship the pound-for-pound equivalent in either standard LYON Products at

regular published prices (see partial list below) or special items made to your specifications.

Ask your nearest LYON Dealer or LYON District Office for details of the "Customer Steel" plan.

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| • Lockers | • Display Equipment | • Cabinet Benches | • Bench Drawers | • Shop Boxes | • Service Carts | • Tool Trays |
| • Wood Working Benches | • Hanging Cabinets | • Folding Chairs | • Work Benches | • Bar Racks | • Hopper Bins | • Desks |
| • Economy Locker Racks | • Welding Benches | • Drawing Tables | • Drawer Units | • Bin Units | • Parts Cases | • Sorting Files |
| | | | | | • Stools | • Ironing Tables |

*Stop that
noise! ⚡*

*Shouting won't help
...but
FIBRETONES^{*} will*

SEND for the brochure that tells you about noise-quelling Fibretones, "the ceiling with a hundred thousand noise traps"

- Tells how Fibretones acoustical panels, with their ingenious noise traps, help you get rid of irritating, unnecessary noise—noise that reduces personal efficiency in business and industry. Ask for Fibretones brochure. Johns-Manville, Dept. BW-4, Box 290, New York 16, N. Y.

*Reg. U. S. Pat. Off.

J-M Fibretones Ceilings are installed by Johns-Manville and by J-M Approved Acoustical Contractors to assure you the utmost in noise-quelling benefits.



Johns-Manville

to chemists because it has what they call a "triple-bond" between its carbon atoms. That bond makes it theoretically easy to build new chemical compounds around the gas. The higher the pressure, the faster and more completely the gas reacts.

• **Lesson From Nazis**—General Aniline pilot plant will exploit the high-pressure acetylene reactions developed in Germany by Dr. J. Walter Reppe. Reppe was director of research for I. G. Farbenindustrie A.G. (BW-Nov. 246, p. 46). He tamed the violent gas for the German chemical industry. During the war, when Germany faced a crucial shortage of hydrocarbons, he helped turn out synthetic rubber, fibers, even synthetic blood plasma from acetylene. Acetylene did a lot to keep Germany going for six years; and it promises to be a real boon for the American chemical industry now.

Reppe's contribution was to develop methods of handling the gas under high pressures. In other words, he speeded things up. It's the same thing that happens in a modern kitchen. Your wife can make a stew at atmospheric pressure by boiling meat for many hours on a stove; she can do it in a matter of minutes if she uses a pressure cooker.

General Aniline has taken Reppe's basic methods, improved on them. What it's "cooking" will be of great interest to manufacturers of resins, adhesives, pharmaceuticals, paper, rubber, textiles.

Planners of the new plant kept the violent nature of the gas uppermost in mind when they drew up their blueprints. Processes are worked by remote control; a steel-reinforced concrete barrier blocks off the operator from the reaction equipment. Instruments, both for recording and control, are everywhere. The reaction equipment itself is built to withstand tremendous overloads. And the setup can be expanded to allow for greater output any time in the future.

Techniques at the plant follow two basic methods: (1) diluting acetylene with an inert gas; and (2) holding free empty spaces to an area of no more than $\frac{1}{4}$ sq. in. That gives a minimum of room for the acetylene to collect in.

Right now the plant is working on two processes: vinylation and ethynylation.

Vinylation produces vinyl products like methyl, ethyl, butyl, and isobutyl vinyl ether monomers (a monomer is a basic unit of polymers or giant molecules). These monomers have intermediate chemical uses; they also can be made into polymers. Among the polymers are polyvinyl methyl ether—helpful in rubber coagulation; vinyl isobutyl ether polymers—rubberlike solids that are valuable in adhesive making; other jawbreaking compounds useful in mak-

ing paper and fabrics, laminating cellophanes and foils, even "tackifying"—or making sticky—synthetic rubber. (With such compounds, the Germans built synthetic rubber truck tires that outperformed ours—until we discovered the secret.) One vinylation product, methyl ether, uniquely is soluble in cold water, insoluble in hot.

Ethylation is a process that makes acetylene react with formaldehyde, in the presence of a very explosive catalyst, copper acetylidyne. This requires high pressures and temperatures. It produces butyndiol and butanediol—starting points for synthetic rubbers, synthetic fibers, solvents, plasticizers, and resins. Another ethylation product is polyvinyl pyrrolidone, soluble in water and organic solvents. It's the one that won fame in Germany as a blood-plasma substitute.

Many of the plant's products are almost chemical curiosities. But the scientists working with General Aniline think they will open a new phase of synthetics in this country.

One safe bet: If General Aniline's pilot operation with acetylene pans out, other chemical giants in this country will speed up their own work with the stuff.

New Extraction Plant To Get Out Soybean Oil

A new solvent-extraction plant, to cost several million dollars, is on the boards of A. E. Staley Mfg. Co. at Decatur, Ill. Staley, processor of corn and soybeans, is making the move to increase extraction efficiency in the face of keen competition.

• **Change of Process**—The new plant will replace one now operating, in which "expelling presses" squeeze oil out of the ground beans. It will use a solvent—hexane—to "wash" the oil out of flaked soybeans.

Solvent extraction isn't new with Staley. In 1945 the company set up an extraction plant similar to the one planned. According to the company, experience has shown that the extraction process is more efficient than the expelling-press method, which dates back about 30 years.

• **Long-Range Pressure**—E. K. Scheiter, executive vice-president, admits that Staley doesn't like to put out a big capital expenditure right now. But from a long-range view, it feels it should put the more efficient process to work as soon as it can.

To keep a rein on costs, the company plans to utilize present steam, power, and water facilities, keep new building to a minimum. The new plant is expected to be ready for operation by July, 1950.

PRODUCTION BRIEFS

Socony-Vacuum says its new line of microcrystalline waxes is tougher, more adhesive, and more flexible at low temperatures. It recommends "S/V Magnowaxes" for use on frozen-food packages and locker papers.

• **"Cold" rubber** has gone into limited production at U. S. Rubber Co.'s Naugatuck (Conn.) plant. Its 2,500-ton-a-year output will be used in large-scale trials with saturated papers, adhesives, gaskets, brake linings, and other products.

• **"Nondestructive" testing** lab has been opened by the Navy's Bureau of Ordnance at White Oak, Md. Materials can still be used after the Navy gets through with them—saving money for Navy contractors. Equipment includes a 10-million v. betatron, a 2-million v. X-ray machine.

Instrument Society of America will hold its spring meeting May 12 and 13 in Toronto. Technical sessions will deal with use of instruments in industry. Register at headquarters: 1117 Wolfendale St., Pittsburgh 12, Pa.

Minneapolis-Honeywell has given its new heating system for passenger trains a 4,000-mile test trip in a Chicago & North Western coach. "Electronic Modulflow" uses hot-water radiators and thermostats with no moving parts to maintain constant temperature automatically, despite extreme changes in weather.

• **"Cobra" process** imported from Britain prolongs life of wooden poles by an average of 15 years. Injection of chemicals preserves wood fibers. Wood Pole Reimpregnation Co. of New York has been formed to provide a contract service for electric utilities and others.

• **Ball-bearing greases** are the subject of an American Society of Testing Materials publication. Reports on testing methods have been culled from grease manufacturers, and users of grease (industrial and military). Write A.S.T.M. at 1916 Race St., Philadelphia 3.

Ranger Engines Division of Fairchild Engine & Airplane Corp. will begin production of major component parts for G.E.'s J-47 turbojet engine (BW-Mar. 12 '49, p101). Ranger is also working on development and production programs for the Navy's Bureau of Aeronautics.

When you think of **PITTSBURGH**



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PEOPLES
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Pittsburgh has valuable industrial knowledge and technological facilities. A large proportion of the graduates of its fine local colleges live in Pittsburgh, providing industry with a constant source of educated manpower. Pittsburgh industrial engineers and workers are thoroughly familiar with mass production techniques. Industrial research conducted in this area is outstanding.

If you plan industrial operations in Pittsburgh, you'll find these and other facilities of great advantage. Your banking requirements can be served equally well, too, through any of the 15 completely staffed Peoples First National offices. Your inquiries are invited.

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RUST is Deadly to Metal

Once started, rust destroys relentlessly. Around the clock it ravages property . . . industrial plants, public utilities, at home and on the farm. This metal-consuming scourge rolls up an annual damage bill that costs the nation in excess of \$6 billion a year. Where there's metal, rust always threatens—unless protective steps are taken.

Stop This Destroyer With **RUST-OLEUM**

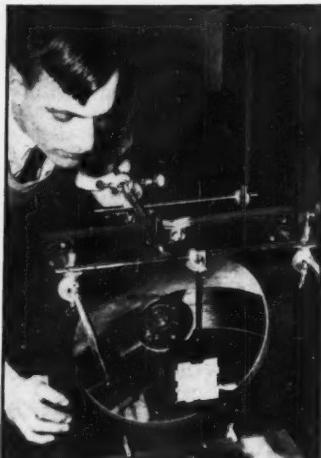
You'll find RUST-OLEUM the perfect answer to the problem of stopping rust, indoors or out. It adds years of extra use to all metal equipment and surfaces—roofs, gutters, smokestacks, fire escapes, underbody of trucks and automobiles, and hundreds of other rustable properties. Furthermore, even where rust has already begun, Rust-Oleum prevents further damages. It can be applied directly to rusted surfaces—by brush, dip or spray—and dries to a firm, elastic protective coating that is highly resistant to rain, snow, dampness, calcium chloride, salt air, heat, fumes and ordinary weathering.

Tell Us About Your Rust Problems
Prove the protective qualities of Rust-Oleum to your own satisfaction. If you have a rust problem, give us the details. We will send you full information on Rust-Oleum with specific recommendations for application. It's available in aluminum and all colors including white. RUST-OLEUM Corp., 2423 Oakton St., Evanston, Ill.



RUST-OLEUM
Stops Rust

PICTURE REPORT



PHOSPHOR SCREEN (small white square) picks up heat rays concentrated by mirror, glows under ultraviolet light. Image is photographed by Eastman Kodak's . . .



THERMO-RADIOGRAPHY: At the start, hotplate is warm; teakettle, cold . . .



. . . Both are now about equally heated . . .

Heat Camera

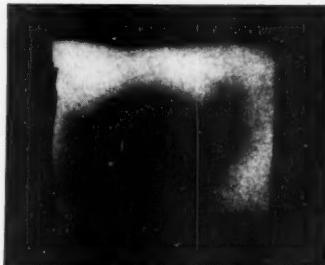
It employs phosphors and ultraviolet light to measure heat of objects.

Research with phosphors has produced a new way of measuring the heat of an object. Eastman Kodak Co.'s scientists developed the technique, called thermo-radiography (BW-Mar. 26 '49, p60). It's based on the principle that phosphors—substances that fluoresce—are sensitive to infrared (heat) radiation.

• **Two Methods**—Scientists concentrate the heat rays given off by an object onto a phosphor screen. When the screen is placed under ultraviolet light, the image glows—with varying intensity depending on the amount of heat which hits the screen. The measure of the heat radiated by the object is the degree of contrast in the image. The Kodak men photograph the image.

There's also a variation on this called thermography. This is a direct process: An object is painted with sensitive phosphors, which glow with varying degrees of contrast under ultraviolet and give a direct measure of heat distribution.

• **Sensitive**—Thermography has unusual sensitivity to temperature. An outboard motor, for instance, glows when coated with phosphor material and subjected to ultraviolet. As the motor heats up, its color passes from light blue (or nearly white) to dark blue. By measuring the relative brightness you can get direct



. . . Kettle remains warm, hotplate cools . . .



THERMOGRAPHY: "Heat-radiation" picture of model-airplane engine in action (left) vs. shadow of same engine

data on temperature. This gives you a comprehensive picture of heat distribution, under running conditions.

Kodak says that the phosphors show a 20% change in brightness for each Centigrade degree of change in temperature. That gives some idea of the technique's sensitivity.



HAVE A LIGHT?

Light a cigarette with a blow torch? Of course not—a match is sufficient. Just so with the power in your plant. You can't use a heavy power circuit for portable tools and lighting equipment. Cutting this "blow torch" power down to "match" size is the job of a dry-type transformer.

And as a plant depends upon its power supply—its transformers must be able to dependably and efficiently supply this usable power from the voltage delivered. That's why so many industries are equipped with Wagner Dry-Type Transformers.

Wherever electric power is used—in industry, commerce, city and farm—Wagner Transformers can be found efficiently and dependably handling their never-ending job of supplying proper voltages for every purpose.

Wagner engineers are qualified to specify the correct transformer for *your* exact requirements. Consult the nearest of our 29 branch offices or write us.

Wagner Electric Corporation

6460 PLYMOUTH AVE., ST. LOUIS 14, MO., U. S. A.



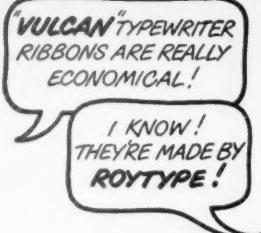
◆ Voltage from a power circuit is stepped-down to operate these banks of fluorescent lights in a typical modern factory.

◆ A typical Wagner Dry-Type Transformer. Does not require special protection and does not entail higher (penalty) insurance rates when installed in localities presenting fire hazards.



WT49-2

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INDUSTRIAL BRAKES
AUTOMOTIVE BRAKE SYSTEMS—AIR AND HYDRAULIC



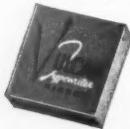
Your letters are given a finer, clearer appearance—with Vulcan typewriter ribbons.

That's because the Vulcan fabric is thinner, more sensitive—giving a truer impression of the type face!

This fabric is stronger, too—meaning greater endurance, longer service.

For appearance's sake—and for economy—supply your typists with Vulcan Ribbons!

Made by Roytype, division of Royal Typewriter Company, Inc.—world's largest manufacturer of typewriters.



THERE'S A ROTOTYPE PRODUCT FOR EVERY BUSINESS MACHINE NEED!



Industry pays an incalculable bill each year for its inability to garner all its dust. What is your share? How much money in real pay dust are you blowing away? Only 100 lbs. a day means approximately 15 tons a year.

The MIKRO-COLLECTOR . . . based on radically different principles . . . will keep your dust out of the air and your profits in the bag. Continuous, automatic cleaning of its filter fabric assures a record C.F.M. in handling highly concentrated dustloads.

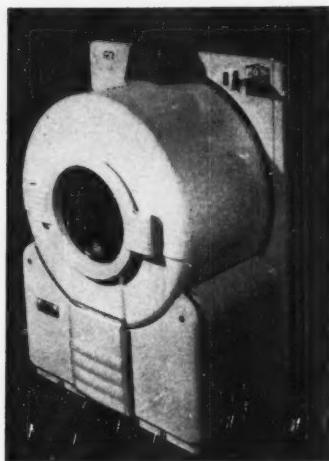
The value of the MIKRO-COLLECTOR in dollars and cents lies in its 99.99% minimum recovery of most solids even in the low micron range.

It pays to investigate MIKRO-COLLECTOR performance. Write for bulletin.

PULVERIZING MACHINERY COMPANY
37 Chatham Road Summit, N. J.

MIKRO-COLLECTOR
As the makers of
MIKRO-PULVERIZERS and MIKRO-ATOMIZERS

NEW PRODUCTS



Speedy Commercial Washer

For self-service laundries, Telecoin Corp. is offering a coin-operated Bendix washer that it says will increase profits and cut maintenance costs for operators.

By adding a five-minute automatic soak period and stepping up water action the customer gets a 50-minute wash process in a half hour, Telecoin says. He chooses his water temperature by push-button instead of manual controls. A light glows when the machine is ready for use; a magnified dial window makes it easy to watch the wash while the machine is running.

Bendix has speeded action of the washer from 330 to 410 r.p.m. It has increased motor horsepower from 1 to $\frac{1}{4}$. An enlarged drain hose and coupling cut motor wear.

For the operator's protection, there's a button below the dial window. If, as sometimes happens, the washer starts its cycle all over again to give a "free wash," a touch of the button will halt the machine. The washer also has a slug-rejecting mechanism. Telecoin Corp. is at 12 E. 44th St., New York.

• Availability: immediate.

Fire Spotter

Storage and warehouse fires that first smoulder for some time are hard to detect even with conventional thermostatic or heat-actuator alarms. To catch them before they break out, Walter Kidde & Co., Inc., has come up with a photoelectric smoke detector.

An analyzer tube sucks in a sample of air, filters it to remove dust and dirt. The sample then passes a beam of light focused on a photoelectric cell. Smoke

in the air cuts down the amount of light reaching the cell, sets off an alarm.

The unit's control panel also gives warning when any internal mechanical or electrical disturbances upset apparatus. The company is at 675 Main St., Belleville, N. J.

• Availability: immediate.

Multi-Copy Writer

Underwood Corp. says you can get better and more multi-copy work with less elbow grease from its electric fanfold writing machine.

Here are a few of its new features: automatic electric carriage return; two-position intermediate carriage return; full-length tabulator bar for either left- or right-hand operation, and a palm tabulator for quick selection of columnar positions.

Standard type styles are available for typing all multi-copy records. Underwood Corp. is at One Park Ave., New York 16, N. Y.

• Availability: immediate.

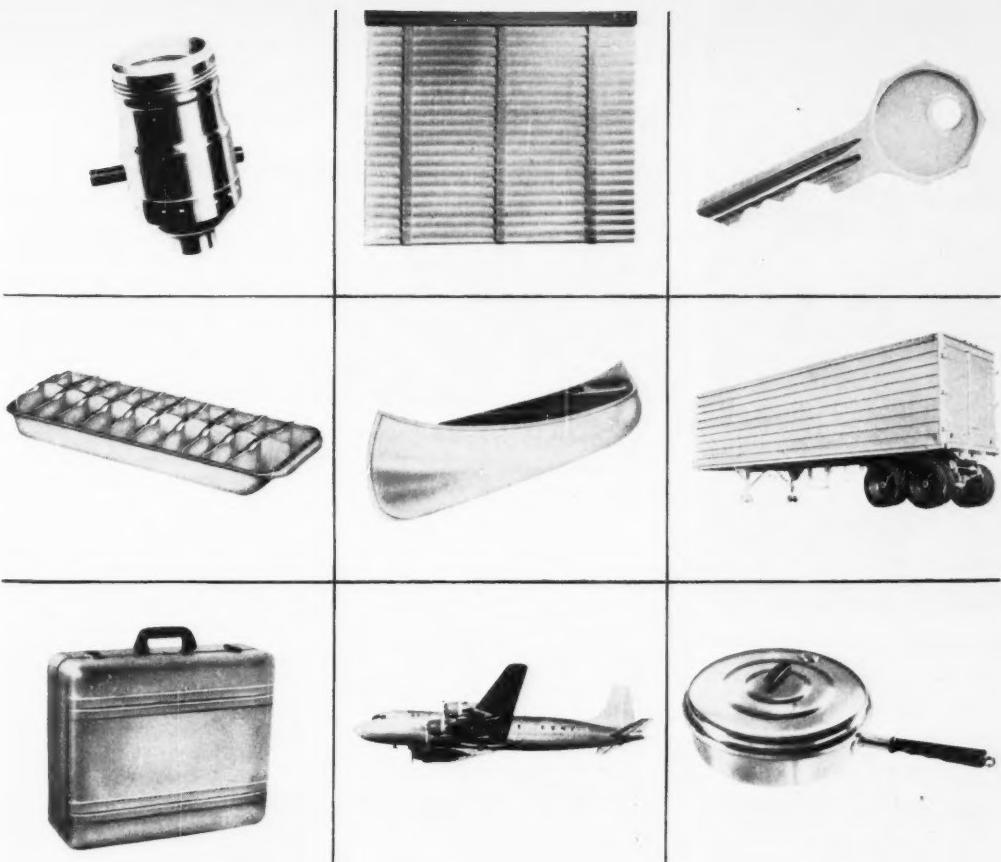


Rub-Out Ribbon

"Del-e-tape" is something new in typewriter ribbons that should make a lot of secretaries happy. It uses a special ink, and with it comes a kit with two eradicators. Apply the liquid eradicators and typing errors disappear.

The manufacturer says that the ribbon itself will not smudge, even when new. An ordinary rubber eraser will make minor corrections without scuffing the paper.

"Del-e-tape" comes in three different colors: black, black and red, and blue. The ribbon will fit all standard type-



Aluminum does them all—but . . .

Naturally, you don't make pots and airplanes with the same alloy.

To manufacture the products illustrated above, a variety of alloys and tempers of aluminum are required—each suited to the specific requirements of the job.

How about *your* product? Does it fully utilize aluminum's advantages?

A change in alloy or temper may enable you to *improve your product by giving it:*

Increased strength . . . reduced weight . . . improved finish . . . greater durability.

Furthermore, by making a change

in alloy or temper you may be able to *reduce your manufacturing costs through:*

Lower material cost . . . fewer fabricating steps . . . lower rejection rate . . . lower finishing costs.

Sometimes a minor change in product design—enabling use of a different

alloy—will result in one or more of these benefits.

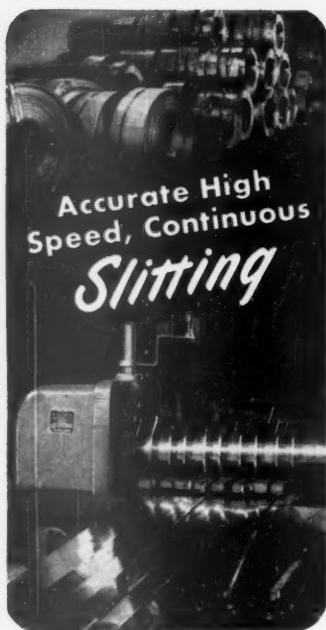
So ask yourself if you're taking fullest advantage of aluminum's remarkable versatility. If there's any doubt, call in a Permanente Metals' engineer and he'll give you the answer!

Permanente Metals

PRODUCERS OF

Kaiser Aluminum

SOLD BY PERMANENTE PRODUCTS COMPANY, KAISER BUILDING, OAKLAND 12, CALIFORNIA . . . WITH OFFICES IN:
 Atlanta • Chicago • Cincinnati • Cleveland • Dallas • Detroit • Houston • Indianapolis • Kansas City • Los Angeles • Milwaukee
 Minneapolis • New York • Oakland • Philadelphia • Portland, Ore. • Salt Lake City • Seattle • Spokane • St. Louis • Wichita



The dependable service of the latest improved Yoder High Speed Rotary Gang Slitter is indispensable to many producers, distributors, and fabricators of coiled strip and sheet metal.

Being especially simple to operate and moderate in first cost, Yoder standardized slitters are proving a great convenience and economy in many metal working plants. They often pay for themselves in the first 100 days of operation. On requirements of only 500 tons per month, the yearly gross earnings or savings are often three times its initial cost.

With a Yoder slitter, manufacturers can meet production requirements in a few hours notice, often saving weeks of delay waiting for slit-to-width stock from outside sources. Tolerances may be held to .004" plus or minus, and even less.

Yoder slitters have been perfected through 40 years of experience by America's leading manufacturer of machinery for cold-working flat rolled metal. Yoder engineers are anxious to assist you in devising more efficient methods of slitting, cold roll-forming, curving, coiling, welding, and many other operations which can, at great reduction in unit cost, be combined in a Yoder production line.

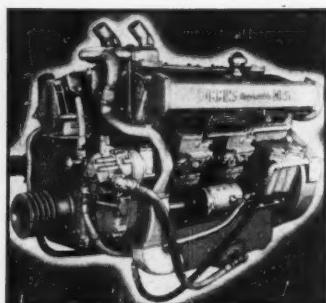
Literature • Estimates • Recommendations

THE YODER COMPANY
5530 Walworth Ave. • Cleveland 2, Ohio



writers. The distributor is Actna Products Co., 202 E. 44th St., New York City.

- Availability: immediate.



High-Speed, High-Power Diesels

Cummins Engine Co., Columbus, Ind., has come up with two 12-cylinder V-type diesel engines aimed principally at the automotive field. The high-speed diesels, which produce 550 hp. and 400 hp. at 2,100 r.p.m., are particularly suitable for automotive off-the-highway, mining, construction, locomotive, and similar work. Basically the new diesels are a V-combination of two Cummins six-cylinder engines, with added design refinements. They extend the Cummins line considerably; previously a Cummins had a top of 275 hp.

The V-type diesels have a redesigned fuel-injection system that cuts down size and weight. They include other refinements: alloy-iron cylinder blocks, induction-hardened journals and pins, forcefeed lubrication. Crankshafts are dynamically balanced.

Cummins claims the new 550-hp. engine is the "most powerful highspeed diesel engine." The two models are NVHS-1200 (picture), with a compression ratio of 13.5 to 1, and NVH-1200, with a compression ratio of 15.5 to 1. The first produces 550 hp. at 2,100 r.p.m., weighs 8.3 lb. per hp. The second produces 400 hp. at 2,100 r.p.m., weighs 10.8 lb. per hp.

- Availability: immediate.

All-Direction Strength

Fabric-base laminated plastics used in mechanical and electrical applications have a definite weakness: They have good strength in both directions parallel to the weave, but they have poor strength diagonally. Plastic parts—say a gear or a cam—fray along a diagonal edge and don't wear evenly.

Formica Co., Cincinnati 32, Ohio, says its plastic laminate, RN-30, has uniform strength in all directions. Distributed evenly throughout the laminate

are matted, unwoven cotton fibers. For this reason, says Formica, gear, pinion and cam parts made from RN-30 will wear more evenly; the plastic used gives better insulation, hence better electrical properties.

- Availability: immediate.

Compact Kitchen

If kitchen space is a problem in your home or apartment, you may be interested in General Electric Co.'s kitchen package. It has complete cooking, refrigeration, storage and clean-up facilities, fits into a space 60 in. wide, 25 in. deep, and 84 in. high.

The electric range has three five-heat cooking units and a full-size oven and broiler. The stainless-steel sink comes with a chrome-plated faucet and duo-strainer. There is room beneath the sink for a Disposall attachment. The refrigerator fits underneath the drainboard. Its freezing unit holds up to



4 lb. of ice cubes in two trays, and there's 8.7 sq. ft. of shelf space. A glass chiller tray is provided for meat.

You can arrange the appliances in the tiny kitchen in several ways to fit your space and plumbing. The sink-top comes with either a right or left-hand drainboard, and the refrigerator has either a right- or left-hand door.

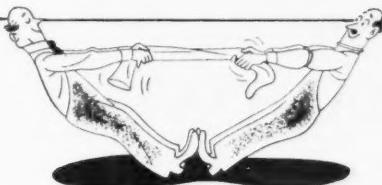
The company address is at 1285 Boston Ave., Bridgeport 2, Conn.

- Availability: immediate.

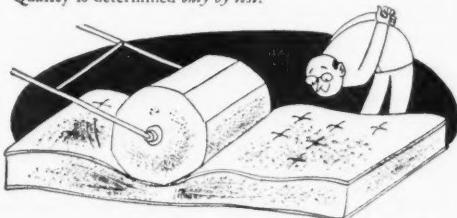
P. S.

"Sweating" cold-water pipes can be cured by a pliable, cork-filled tape made by J. W. Mortell Co., Kankakee, Ill. No tools, adhesives or brads are necessary for applying NoDrip tape, which is wound spirally around the pipe. It can be painted any color with regular cold water paint.

These are "Trying" Times —be sure to try it before you buy it!



The Pull-the-Leg Test. You should see what a woman's stocking goes through before it reaches a leg. Wow! Snagging tests, abrasion tests, flexing tests, bursting tests, dye and fiber tests. But after all, it makes sense. Quality is determined *only by test*.



The Square Foot Test

One of the surest tests to find the best and most economical brand of paint to use in a building is the *square foot test*. Take a gallon of any good paint and a gallon of Barreled Sunlight. Thin each according to directions on the cans. Then measure the number of square feet each paint covers on a wall. And, because labor represents about 80% of the cost of any painting job, check the length of time it takes to apply each paint. Notice the difference in their appearance and hiding power after drying overnight.

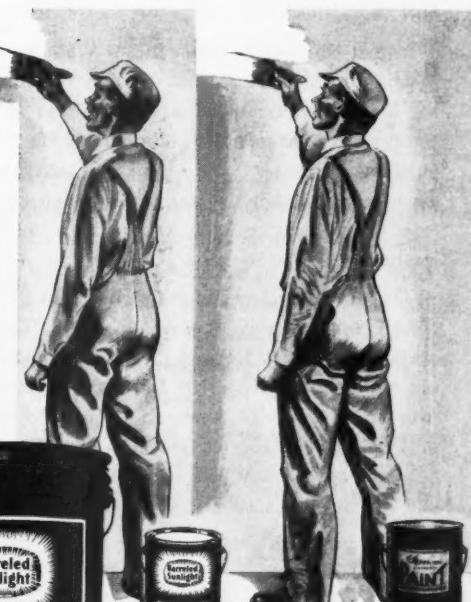
Yes, compare any good paint with Barreled Sunlight. You'll see that *Barreled Sunlight will do a better-looking, longer-lasting job at lower cost for both paint AND LABOR than any other paint on the market.*

See for yourself. Let your nearest Barreled Sunlight representative give you a convincing demonstration. Write.

U. S. GUTTA PERCHA PAINT COMPANY
1-D Dudley St., Providence, R. I.

The Lye Test. Don't let anyone "pull the wool" over your eyes. If you want to make sure a fabric is all wool, simply boil a small piece of it for about fifteen minutes in a solution of lye and water. If the fabric dissolves completely . . . well, it *was* all wool.

The Sleep-Like-a-Log Test. They use a mechanical Rip Van Winkle to test the quality of a mattress. Back and forth, back and forth a heavy eight-sided roller passes over the mattress. If the mattress can stand up under 400,000 passes, you can be sure it's one of the best.



Barreled Sunlight Paints



In whitest white or clean, clear, pleasing colors, there's a Barreled Sunlight Paint for every job

The Election of November 2, 1948

GAVE NO MANDATE FOR SOCIALISM

The President and those who support his legislative program have objected to the substance of my previous editorial, which appeared under this headline: "Now is the Time to FIGHT SOCIALISM in Washington."

In that editorial I explained how Washington is poised to follow the disastrous policy of forcing industry to skimp on new plants and new equipment. That policy landed Britain in the numbing embrace of the Socialists. I cited the experience of Britain to show how such skimping on industrial tools can bring a nation to economic stagnation . . . and Socialism.

The President, in his recent Jackson Day speech, brushed aside this warning . . . "They are again trying to frighten the people with the old worn-out bugaboo that Socialism is taking over in Washington." Senator Francis J. Myers of Pennsylvania asserted that I was guilty of "warfare against any reasonable effort to keep our system of free enterprise working."

These criticisms may be sincere. But they are not well-founded.

I want to show why they are not well-founded

by basing this editorial on Washington rather than Britain.

In Washington the Administration has proposed a legislative program, the key parts of which would clearly put the country far on the road to Socialism. Let us see how.

There are two steps in the process:

FIRST: The government by its taxation program undermines private industry so that it cannot provide itself with the necessary new plant and tools.

SECOND: The government itself steps in to provide the plants and equipment that it has blocked industry from getting. *That is Socialism.*

Here is how Washington is promoting Socialization of the steel industry—and of other industries.

Steel has been expanding its capacity and improving its equipment chiefly by plowing back its profits. During the last three years it has spent \$1.4 billion for new plants and new tools. That was more than the companies had available from their own earnings. But profits provided more

continued on next page

than half of that money—more than \$700 million. The remainder came from loans and from depreciation reserves set aside out of the earnings to replace worn-out equipment.

Profits must continue to provide the funds needed to pay for the bulk of the steel industry's necessary expansion. That is because private citizens, their income slashed by heavy taxes, have not been willing to buy steel stocks even at prices ruinously low for the companies and their present stockholders. The stock market currently prices the mills and other facilities of the nation's principal steel-producing companies at far less than fifty percent of the cost of reproducing them.

Let us take another example. Profits are essential to expansion in the electric light and power industry also. This year private companies are planning to buy \$2 billion worth of new plant and equipment. To do that without going overboard in debt, they must sell to the public some \$300 million worth of common stock. A squeeze on their profits would make that sale virtually impossible.

For tens of thousands of small business enterprises profits afford virtually the only practical source of funds for new equipment and expansion.

In the face of these and many other examples that might be cited, what is the most effective way to prevent industry from re-equipping itself and expanding its capacity to meet our essential needs?

Obviously, it is to cut down profits. And that is what the Administration is trying to do. The President has declared that steel prices are too high, and is demanding that Congress raise taxes sharply on all corporations.

There you have the first step toward socializing industry.

Next comes step two. Have the government supply the tools and equipment which, by taxation, it prevents industry from getting.

The Administration has proposed legislation to carry out this second step. It is called the

"Economic Stability Act of 1949," for short, the "Spence Bill."

This bill gives the President the power to provide industrial facilities—in steel, power or any other industry—where he finds that a shortage is hampering or is likely to hamper the economy.

True, the bill says that the government is not to construct new plants if private companies will do it through government loans, on terms prescribed by the President. That may be just one step short of complete socialization. But it is only a short step. And the Spence Bill authorizes the government to take that step.

By itself, the Administration's "Stability Act" sounds harmless enough. It would have the government build plants only as a last resort. But it provides also that if private enterprise cannot turn out all the goods the country needs, the government can and should step in and provide the equipment to do it.

Now, take that power together with an Administration tax program that undercuts the ability of private enterprise to supply the new plants and equipment it needs out of its own earnings. That combination promotes government ownership and operation of industry.

And that is Socialism.

The American people, of course, have the right to live under any system they choose—Capitalism, Socialism, Fascism, Communism, or what-have-you. But before Socialism or any other "ism" is imposed upon us from above, the people should know the facts. If this editorial shall have contributed in some small degree to that end it will have served its purpose.

The election of November 2, 1948 gave no mandate for Socialism.



President, McGraw-Hill Publishing Company, Inc.

The Reserve Strength Built Into



Better Protection for Your Product

To minimize the chance for damage in shipping, and to create good will with your customers, take advantage of the extra strength found in Gaylord Boxes.

Rigid standards that demand superior raw materials and continuous quality control through every step of manufacturing give Gaylord Boxes that reserve strength so important to the safety of your product.

You'll find Gaylord Sales Offices in the cities listed below ready to help you solve your packaging problems. Call the one nearest you.

GAYLORD CONTAINER CORPORATION

General Offices: ST. LOUIS

Corrugated and

Solid Fibre Boxes

Folding Cartons

Kraft Grocery Bags and Sacks

Kraft Paper and Specialties

New York • Chicago • San Francisco • Atlanta • New Orleans
Jersey City • Seattle • Detroit • Indianapolis • Houston
Los Angeles • Oakland • Minneapolis • Jacksonville
Columbus • Fort Worth • Tampa • Cincinnati • Dallas
Des Moines • Oklahoma City • Greenville • Portland
St. Louis • San Antonio • Memphis • Kansas City
Bogalusa • Milwaukee • Chattanooga • Weslaco • New Haven
Appleton • Hickory • Greensboro • Sumter • Jackson • Miami

READERS REPORT:

Deductions: \$17,334 Daily

Sirs:

I enjoyed reading James H. McGraw, Jr.'s editorial entitled "The Election of Nov. 2, 1948, Gave No Mandate for Socialism." I do not believe this country voted for socialism . . . but definitely the Administration is heading us for that unhappy state.

Britain was pushed into socialism and remains there as the government weakens private enterprise. Once it is weakened to the point where government can take over, there can be no reestablishment of private ownership.

The Administration in this country definitely is hampering the growth of private enterprise by restrictive and punitive taxation and inadequate allowance for depreciation. There is much talk of workmen's inability to purchase, but no talk is heard from Administration sources about the immense amount of money collected from employees' pay checks and remitted to the government.

In the case of our company—with 17,500 employees—we must deduct \$17,334.60 per day for remittance to the government. Obviously, the purchasing power of employees is reduced daily by this amount.

I sincerely hope people will realize that we are being pushed into the welfare state with socialism and communism at the end of the lane.

WILLIAM E. UMSATTT

PRESIDENT,

TIMKEN ROLLER BEARING CO.,
CANTON, OHIO

- Before publication in BUSINESS WEEK (page 70), the editorial appeared in newspapers in six cities.

It's Grove City, Pa.

Sirs:

. . . You state that Cooper-Bessemer Corp. employs 2,000 at Grove City, Ohio [BW—Feb. 26 '49, p. 46]. This should be Grove City, Pa.

LEON D. RADAKER
BUTLER, PA.

"Well Handled"

Sirs:

The article about Milwaukee [BW—Feb. 19 '49, p. 65] was well handled and accurately emphasized. We can use it very well as a summary of our "Report of the Commission on the Economic Study of Milwaukee" before public bodies.

FRANK P. ZEIDLER
MAYOR,
MILWAUKEE, WIS.

Highlights of the 37th Annual Report of COMMERCIAL CREDIT COMPANY

The activities of Commercial Credit Company are carried on in three main divisions, consisting of Finance Companies, Insurance Companies and Manufacturing Companies. The consolidated operations, total volume of receivables acquired by the Finance Companies, gross premiums written by the Insurance Companies, net sales volume of the Manufacturing Companies and consolidated net income credited to Earned Surplus were larger during 1948 than for any previous year in the history of the Company.

Consolidated Balance Sheet as of December 31, 1948

ASSETS

CURRENT ASSETS:	
Cash in banks and on hand	\$ 51,974,536.72
Marketable Securities:	
U. S. Government Obligations	\$ 40,434,313.50
Other Marketable Securities	9,632,195.02
	\$ 50,066,508.52
Less Reserves	79,087.20
Accounts and Notes Receivable:	49,986,821.32
Motor and Industrial Retail and "F.H.A.".....	\$335,221,655.82
Motor and Industrial Wholesale.....	82,856,617.07
Open Accounts, Notes, Mortgages and Factoring.....	45,755,096.96
Direct or "Personal Loan".....	28,125,140.34
Sundry Accounts and Notes.....	2,179,280.99
Total	\$494,117,793.18
Less Reserves for	
Unearned Income.....	\$ 20,171,379.93
Losses on Accounts and Notes Receivable.....	5,844,884.37
	\$ 26,016,264.30
Other Current Assets:	468,101,528.88
Trade Receivables—"Manufacturing Companies".....	\$ 4,709,935.93
Inventories—"Manufacturing Companies".....	8,673,181.25
Premiums and other Receivables.....	5,727,273.19
Total Current Assets	\$589,173,277.29
FIXED AND OTHER ASSETS:	
Land, Buildings & Equipment— "Manufacturing Companies".....	\$ 5,561,968.40
Company Cars (\$826,346), Repossessions (\$198,196) and Other.....	1,170,877.04
	6,732,845.44
DEFERRED CHARGES (Prepaid Interest, Expenses, etc.)	1,792,269.00
	\$597,696,391.73

LIABILITIES, CAPITAL AND SURPLUS

CURRENT LIABILITIES:	
Notes Payable—Unsecured Short Term.....	\$284,794,500.00
Accounts Payable and Accruals.....	23,287,156.98
Reserve for Federal Income Tax.....	14,450,159.49
Funds Held under Surety Agreements.....	515,635.67
Reserves—Customers Loss Reserves and other.....	8,925,159.06
Total Current Liabilities	\$331,972,611.20
UNEARNED PREMIUMS—"INSURANCE COMPANIES"	
	20,574,064.54
RESERVES FOR:	
Losses and Loss Expense—"Insurance Companies".....	\$10,637,503.73
Security Value and Exchange Fluctuations.....	1,015,475.60
	11,652,979.33
UNSECURED NOTES:	
Note, 1 1/2% due Aug. 1, 1951.....	\$35,000,000.00
Notes, 2 1/2% due serially 1953/1956.....	25,000,000.00
Note, 3% due Jan. 1, 1963.....	50,000,000.00
	110,000,000.00
SUBORDINATED UNSECURED NOTES:	
Notes, 3% due 1957.....	25,000,000.00
MINORITY INTERESTS IN SUBSIDIARIES	
	174,857.81
CAPITAL STOCK AND SURPLUS:	
Preferred Stock—\$100 par value	
Authorized 500,000 shares	
Issued and outstanding 250,000 shares.....	\$25,000,000.00
Common Stock—\$10 par value	
Authorized 3,000,000 shares	
Issued and outstanding 1,841,473 shares.....	18,414,730.00
Capital Surplus	
Accumulated since 1939	17,831,440.61
Earned Surplus	37,277,708.24
	98,523,878.85
	\$597,696,391.73

A Few Facts, as of December 31, 1948

CONSOLIDATED OPERATIONS

Gross Finance Receivables Acquired.....	\$ 1,767,992,887
Gross Insurance Premiums, prior to Reinsurance.....	37,362,657
Net Sales of Manufacturing Companies.....	90,440,269
Gross Income.....	83,410,751
United States and Canadian Income Taxes.....	12,547,557
Salaries, Wages, Commissions.....	38,607,700
Number of Employees:	
Finance Companies.....	4,183
Insurance Companies.....	1,287
Manufacturing Companies.....	5,675
Total.....	11,145

NET INCOME

Finance Companies.....	\$ 6,731,303
Manufacturing Companies.....	3,691,270
Net Income from Current Operations.....	6,240,875
Non-Recurring Credit from Reserve for Contingencies, Accumulated since 1939.....	\$ 16,663,448
Net Income Credited to Earned Surplus.....	4,500,000
Net Income per Share on Common Stock:	
Credited to Earned Surplus.....	\$ 21,161,448
From Non-Recurring Reserve for Contingencies.....	11.00
From Current Operations.....	2.44
	\$ 8,58

COMMERCIAL CREDIT COMPANY AND SUBSIDIARIES
HOME OFFICE — BALTIMORE 2, MARYLAND



MORE THAN 350 OFFICES IN PRINCIPAL CITIES
OF THE UNITED STATES AND CANADA

MARKETING

**Said the Tank Car
to the V.C.S.G.**

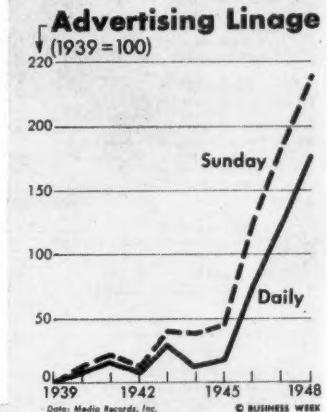
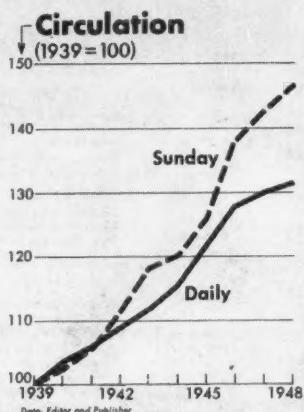
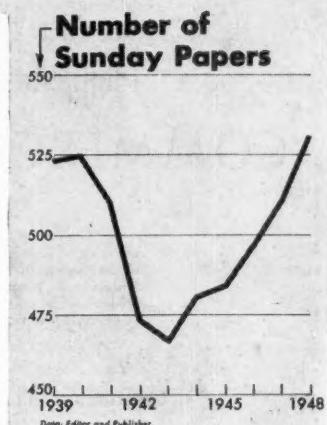
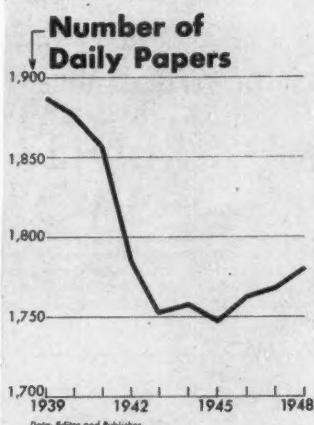
**"YOUR MELTING
MY HEART . . ."**

Tank cars loaded with asphalt, tar, road oils and emulsions for road building are like a flint-hearted miser. They hate to "give." So, to get them to disgorge their valuable cargo, they have to be heated to reduce the material being unloaded to a consistency that will flow easily. Littleford Bros., Inc. of 457 E. Pearl St., Cincinnati, felt that the best way to do this job would be to build a portable rig around a 35 hp **Vapor-Clarkson Steam Generator** and sell it as a Littleford "Tankar" steam heater. They park it beside the tank car, quickly hook up the steam line and condensate return line and—in only 2 minutes from a cold start 200 lbs. steam pressure will begin coursing through piping on the tank car—"melting down" the contents of the car... heating a tank car in $\frac{1}{3}$ the time it formerly took.

... In only 2 minutes from a cold start, mind you. Compare that to the 20 to 30 minutes it takes an ordinary unit to get up steam. There you have a significant measure of the importance of Vapor engineering to so many industries... Speed, economy, convenience, easier ways of doing a job better.

Vital statistics for the man who is always on the prowl for ways of improving methods: **Vapor-Clarkson Steam Generators** are made in capacities ranging from 10 hp—100 hp (one big oil field unit is 500 hp). Maintains steam pressure for 75 to 300 lbs. Safe, automatic controls. Guarantees highest thermal efficiency. Automatic, fool-proof operation. Small, compact, lightweight.

If you know of a possible application in your field or industry—write, wire or phone for details and a personal chat with a Vapor engineer. Dept. 111, Vapor Heating Corporation, 80 East Jackson Blvd., Chicago 4, Ill.



Sunday Papers Climb Faster

There are more of them, they have more readers, and—most important—they carry more ads. Syndicated supplements share in boom. Dailies have grown, too, but not so much.

Kids in Pittsburgh, Pa., spread a new set of comics on the living room floor last Sunday. Upstairs, if the lady of the house could afford to have breakfast in bed, there was a new society page to peruse. Father could read a new sports or financial section. Pittsburgh had a new Sunday paper.

• **A Second Leg**—The Pittsburgh Post-Gazette was sire of the new baby. It had been a six-day paper. But publisher William Block decided he was tired of circulating 300,412 copies Monday through Saturday, only to dump his

readership into the laps of competing papers—Hearst's Sun-Telegraph and Scripps-Howard's Press—on Sunday.

"We feel," Block said, "that a six-day morning newspaper is like a man walking on one leg."

It looks as though the new venture will provide a sturdy second leg for the Post-Gazette. Advertising space in the first issue was completely sold out, says Herbert Wyman, the paper's advertising director.

• **Part of a Trend**—The birth of a new Sunday paper was, of course, big news

for Pittsburgh. But for the country as a whole it was merely one more mark of the growing popularity and success of Sunday newspapers. During the past decade, Sunday papers have gained at a faster rate than the dailies in almost every way—number, circulation, advertising lineage (charts, page 74). In 1948 alone, 19 new Sunday papers hit U.S. newsstands.

One of the 19 was Scripps-Howard's Indianapolis Times, which put out its first Sunday edition last October. According to Walter Leckrone, editor of the Times, the decision to bring out the new edition followed the announcement that two other Indianapolis papers, the News and the Star, would merge.

"We realized there would be increasing competition," says Leckrone, "and we intended to meet it. We were already planning a Sunday paper, but the merger . . . stepped up our timing by about a year."

What's more, there are other new Sunday papers in sight. In Cincinnati, for instance, George Fries, general manager of the Times-Star, says "we're going right ahead" with plans for a Sunday paper. The paper will probably be published jointly by the Times-Star and the Scripps-Howard Cincinnati Post.

• **Circulation Difference**—There are a lot of reasons for the Sunday papers' growing popularity with advertisers. One goes back to the fact that the Sundays have gained readers at a faster rate than the dailies—despite the fact that the dailies have posted substantial circulation increases themselves.

The Pittsburgh Sun-Telegraph, for example, circulates 211,152 daily, jumps to 593,249 on Sundays. The Denver Post: 216,147 daily; 349,956 Sunday. The San Francisco Chronicle: 180,019 daily; 278,899 Sunday.

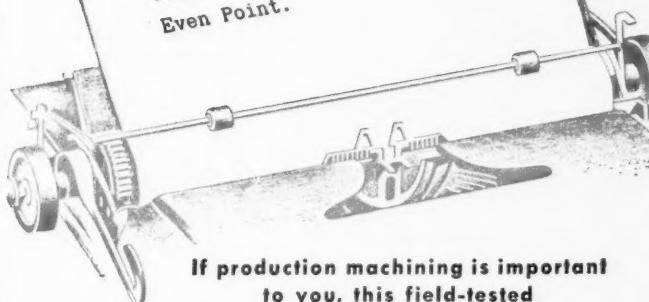
• **Ad Cost**—Another attraction offered by the typical Sunday paper is a lower "milline rate"—the charge for reaching a million subscribers with one line of advertising. (A "line" is 1/14 of an inch deep, about 2 in. wide.) The overall milline rate for all U.S. evening daily papers is \$3.68. For all morning dailies it is \$2.49. But the combined milline rate for all of the nation's Sunday papers is only \$2.22.

This cost per reader in the Sunday edition is smaller despite the fact that a full page will probably cost more than the same ad in the daily. Reason: The advertiser reaches so many more readers with the Sunday edition that the added circulation more than makes up for the higher advertising rate.

Occasionally there's a drawback to the mammoth circulation of some Sunday papers: A good part of the extra circulation on Sundays may be out-of-town readers. For the national advertiser, that's all right. But for the lo-

Memo to:
COMPANY PRESIDENTS

Carboloy's Amazing "Triple C"
Plan can help lower your Break-
Even Point.



If production machining is important
to you, this field-tested
plan merits your consideration

CARBOLOY COMPANY'S plan of Coordinated Carbide Control ("Triple C") goes far beyond merely realizing savings in tool costs through the use of cemented carbides.

It is actually a carefully developed program that can substantially reduce manufacturing costs, increase production and eliminate waste of time and materials. It can do much to help lower your company's break-even point in these days of high fixed and variable costs.

This program deals with problems which are of vital concern to you, if machining is an important part of your production. It offers a *quick and sure* way to effect major savings of the type in which you are interested.

"Triple C" is field-tested
and workable

Simply defined, "Triple C" is a plan, based on years of field experience, for coordinating all phases of carbide tool use in your plant. Wherever the pro-

gram has been put into operation, it has achieved amazing results . . . without increase in man-hours, without plant expansion or added major capital expenditure.

"Triple C" has worked for others. It can probably work as successfully for your company.

Here is a typical case

"The effect of rising costs in labor and raw materials has been substantially offset here by the application of carbide tooling on a coordinated plant-wide basis. Production savings realized by carbide-tipped cutting tools have been an important factor in helping to maintain product quality at current market prices."

—Large machine tool manufacturer

CARBOLOY COMPANY, INC.
11191 E. 8 Mile Street, Detroit 32, Michigan



CARBOLOY®
CEMENTED CARBIDES

Leave it to MITCHELL-RAND your electrical insulation requirements, we mean...

For 60 years our specialty has been serving industry with everything in electrical insulation . . . always developing new products to meet the progressively increasing demands upon electrical apparatus and appliances . . . today as in the past, for the proper electrical insulation you can leave it to . . .

MITCHELL-RAND
since 1889 the one dependable source and headquarters for everything in ELECTRICAL INSULATION

MITCHELL-RAND INSULATION COMPANY
INCORPORATED
51 MURRAY ST. NEW YORK 7, N.Y.

AMERICAN MANAGEMENT ASSOCIATION

NATIONAL PACKAGING EXPOSITION

PACKAGING • PACKING • SHIPPING

Presenting all significant developments in packaging, packing, shipping—the machines, materials and services that are keys to superior merchandising, higher quality, lower cost. Also, authoritative discussions of latest techniques that are solving knottiest problems in these fields. For hotel reservations, write Housing Bureau, Packaging Exposition, Central Pier, Atlantic City.

MAY 10 TO 13 • ATLANTIC CITY

cal merchant, it may be no help at all. • **At Leisure**—The syndicated Sunday magazine supplements say there's another reason for advertising on Sundays. Sunday, they say, is the day that everyone has leisure time. The Sunday newspaper is read in a relaxed atmosphere—not over a hasty breakfast, not on the bus or trolley, not during the tired hours of evening.

Hence, the supplement men argue, your advertisement gets closer and more favorable attention in the Sunday magazine section than it might in a weekday edition.

There's another reason Sunday-supplement publishers will offer, to convince you that the Sunday paper is the buy. Many people, they say, got into the habit of staying home on week ends during the war—mainly because they didn't have gas to go anywhere else. More and more, they turned to the Sunday paper for entertainment. The habit, say the publishers, still exists.

Most publishers of seven-day-a-week newspapers don't subscribe to all this—at least not officially. They aren't marketing space for any particular day; they're selling them all.

• **Press Problem**—The big increase in weekday newspaper image is another reason why many advertisers are buying Sunday space. Here's how that works: The weekday editions may already be running as many pages as the presses will carry. But there's usually room in the Sunday edition. Reason: Since many of its sections consist of features and very little news, they can be printed during the week at times when the presses would otherwise be idle.

The publishers have a few ideas about the advantages of Sunday papers, too. For them, it offers an opportunity to spread the overhead—which is plenty high these days—over seven days instead of six. And some of them say that at 15¢ a copy, which much of the American public is now accustomed to paying, they can actually make money on the increased circulation.

• **Supplements, Too**—The local newspaper hasn't been the only beneficiary of the Sunday newspaper boom. Publishers of Sunday-magazine sections have also benefited.

The syndicated Sunday magazine is usually edited and made up in New York a couple of months in advance of the publication date. It's then printed in several locations around the country, and shipped ready to insert in, say, two dozen participating Sunday papers. For this insert, the paper pays the syndicate (the amount usually decreases as the advertising in the syndicated section increases).

• **Leaders**—In the syndicated-supplement field, American Weekly, Parade, and This Week are the main contenders. Advertising in these papers

is usually on a national basis, although it's possible to buy space in only a part of the "chain" of participating papers.

Each syndicate offers advertisers a certain string of newspapers in which its supplements will appear. In the cases of American Weekly and This Week, these are mainly in the larger cities. Parade, on the other hand, offers a string of slightly smaller cities, few of which are covered by its two bigger competitors.

You can get an idea of the tremendous growth of these magazine sections by looking at their advertising revenue figures. In 1939, American Weekly grossed just over \$6-million; This Week took in \$3.8-million. Last year each grossed more than \$16-million. Parade, which wasn't in existence in 1939, grossed \$201,427 in 1942; last year it took in more than \$4-million.

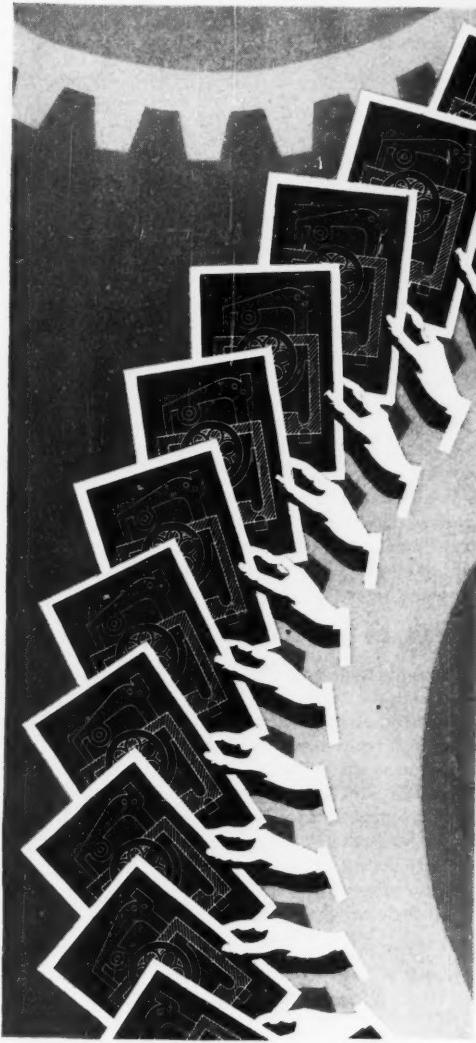
• **Different Approach**—The Metropolitan Group and the Locally Edited Gravure Magazines are two other Sunday supplements, with a slightly different approach. Metropolitan services a



5¢ Beer Brews Storm

Spring and nickel beer came to New York City last week—and ran smack into trouble. When Sam Atkins, owner of a bar on the lower East Side, cut his price from 10¢ to 5¢ a glass, three things happened: (1) Delighted customers rushed in (picture); (2) the bartenders' union picketed Sam's—because it suddenly discovered that his non-union barmaids were drawing suds; (3) Schaefer F & M Brewing Co. and Rheingold Brewers Co. cut off Atkins' shipments. The brewers claimed Sam was using beer as a loss-leader to promote the sale of whisky and food. Atkins said he just wants to give beer drinkers a break. Late in the week, he hired a union barkeep and found a brewer willing to help him keep nickel suds flowing.

*For every hand,
a multiple print
of the master plan*



The miracle of modern mass production and construction could never have happened had master plans and drawings been passed from hand to hand. Only their creation on superior original materials—and their multiplication by prints on sensitized paper and cloth—has made possible the progress, speed, and accuracy we now enjoy.

Since 1895, POST has had a vital and leading part in this progress through the furnishing of those original materials and the sensitizing of papers and cloths for all types of machines and methods of reproducing plans and drawings. POST is in its 54th year of "better" service and supply to management . . . engineers . . . architects . . . draftsmen . . . who must have the finest.

Write for your SELECTED SAMPLES Folder of the 5 top POST Tracing Papers and mediums—designed to fill any requirement or budget. It will be helpful if you tell us any particular type of paper you prefer. Write care of P. O. Box 1091, Chicago 90, Illinois.

THE FREDERICK POST COMPANY

3650 NORTH AVONDALE AVENUE • CHICAGO 18, ILLINOIS • • Detroit • Chicago • Houston • Los Angeles • Milwaukee

Distributors in all Principal Cities

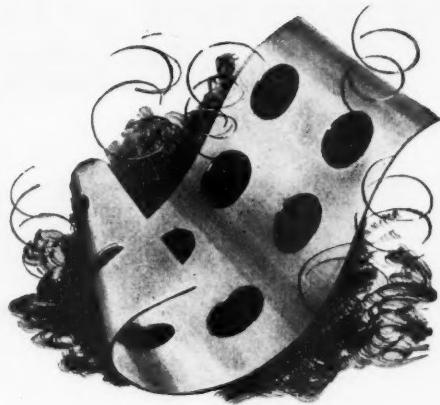
FOR EVERY PLAN YOU MAKE — — — THERE'S A PAPER BY POST



Steel Scrap

IS NOT JUST THIS—

It's also your "Warren Harding era" machinery, beat-up equipment, tired and dog-eared tools and parts, used-up odds and ends, and rejects.



And all of this heavy scrap is needed to increase the supply of steel mill melting stock . . . that we need to fill industry's demands and create an emergency reserve for national security.

It's needed because our scrapyards aren't getting the old-model cars they used to (people are still driving them) . . . precious little of the war-time steel production ever came back as scrap . . . and the supply of war scrap overseas has been held up by the winter weather.

Heavy scrap—exactly the type you have—can help to increase production (heavy scrap processes faster than light scrap) and provide an emergency reserve.

So—whether you've realized it or not—

YOU'RE IN THE SCRAP BUSINESS NOW

Clean out the corners of your plant and help fill the supply line.

More heavy scrap turned in means more steel production for domestic needs—and a safe backlog for emergency.

Our goal is one million additional tons of heavy scrap. So start a Steel Scrap Salvage Drive now. Appoint one official in your plant as your Heavy Scrap Drive Director . . . and give him authority to sell unneeded inventory. Consult your scrap dealer.

Do this now—help speed the day when we can consider our production sufficient and our emergency reserve safe.

***Set up a steel scrap salvage program
in your plant — NOW***

Space for this advertisement is contributed as a public service by

BUSINESS WEEK

string of 26 newspapers (it is owned by 10 of them). Each of the 26 carries a Sunday magazine section with its own home-grown title and features. Each paper gets a certain amount of syndicated material from Metropolitan, which it may use or discard as it likes.

Metropolitan solicits national advertising for the member papers' magazine sections; in addition, the papers themselves dig up advertisers. An advertiser can buy space in as many or as few of these supplements as he wants.

The approach of Locally Edited Gravure Magazines is quite similar to that of Metropolitan Group. It, however, offers no syndicated editorial material. Each magazine is completely a local product—although all 11 papers in the group have their printing done at the same place—Standard Gravure Co., subsidiary of the Louisville (Ky.) Courier-Journal.

• **Sold**—Most newspaper publishers are pretty well sold on the value of the Sunday magazine sections; some papers carry as many as three different supplements.

Arthur Motley, publisher of Parade, says the supplements reach people who have found themselves, since the war, with money in their pockets—and who are not readers of slick-paper magazines. Hence, he argues, if you want to reach the market that takes off its shoes and sits around the house, the Sunday paper is your medium.

The skyrocketing Sunday lineage figures would seem to indicate that a lot of advertisers agree.

MARKETING BRIEFS

Sears, Roebuck may sell autos through its foreign outlets (not U.S.) if discussions with Britain's Hillman Motor Car Co. pan out.

Life magazine will cut space rates 3% beginning Jul. 4, though there's no change in the circulation rate base (5.2-million). Life lays it to production "efficiencies and improvements"—but the trade thinks Life's 2% dip in pages of advertising during 1948 may have had something to do with it.

Shipments of metal cans in 1948 hit 3.2-million tons, a new record. Can Manufacturers Institute points out this was 10% better than 1947.

No dealer's license to sell cars is the only thing that blocks Halle's Dept. Store in Cleveland from emulating New York department stores. Halle's had planned to sell Crosley cars—but Ohio laws require auto agencies to sell only cars.

THE TELETYPE --



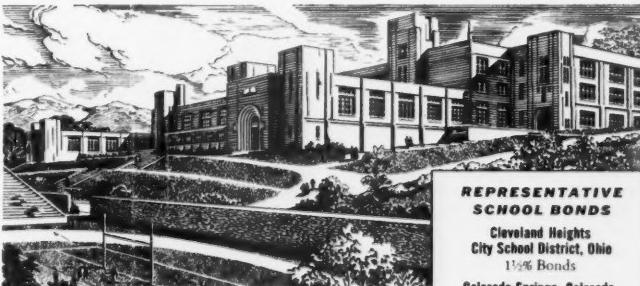
and how it Speeds
Freight Service on the M. & St. L.

Teletypewriter Service, modern system of rapid two-way communication, links traffic offices of the Minneapolis & St. Louis Railway, on its own lines and throughout the country. Teletype provides fast interchange of information between the offices and thus speeds "Tracer Service"—a specialty of M. & St. L. traffic men. Through that service, a Shipper or Receiver can learn the whereabouts of the freight car that contains his shipment, whether routed all or only part way via the M. & St. L.; and, most important, when the shipment will be delivered.

Modern & Stream-Lined Freight Service—Speeded by Teletype

The MINNEAPOLIS & ST. LOUIS Railway

TRAFFIC OFFICES IN 36 KEY CITIES



For an enlightened nation

Young America is served by the most extensive public school system in the world—a distinguished national asset bringing education within the reach of all. It is a created asset, financed in great measure through the sale of bonds issued by communities, counties, states and other taxing districts.

Halsey, Stuart & Co. Inc. for many years has been identified with municipal bonds of this type, making them available to thousands of conservative investors. Their desirability as investments has been maintained by demonstrated safety through the years together with their valuable exemption from federal income taxes. Send without obligation for our latest offering list.

REPRESENTATIVE SCHOOL BONDS

Cleveland Heights
City School District, Ohio
1 1/4% Bonds

Colorado Springs, Colorado,
School District No. 11
1 1/4 & 1 1/2% Bonds

Evanston, Illinois,
Township H. S. District No. 202
2 1/8% Bonds

Houston, Texas,
Independent School District
2 1/2, 2 1/4 & 3% Bonds

Lane County, Oregon,
School District No. 4 (Eugene)
2 & 2 1/4% Bonds

Scranton, Penna., School District
1 1/4% Bonds

Tacoma, Wash.,
School District No. 10
2 1/2, 2 1/4 & 3% Bonds

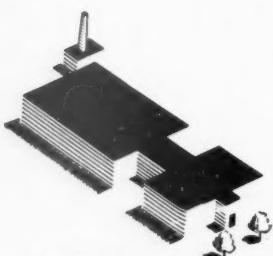
HALSEY, STUART & CO. INC.

123 SOUTH LA SALLE STREET, CHICAGO 90 • 15 WALL STREET, NEW YORK 3 AND OTHER PRINCIPAL CITIES

COLUMBIA

S.C.

OUTSTANDING LABOR MARKET



NEED
FACTORY
SPACE ?

Send your requirements to the COLUMBIA INDUSTRIAL SERVICE BUREAU. A plant built to your specifications for lease or sale, competent help to recruit your labor forces from among some of the finest industrial workers in the nation, and the active support and cooperation of all citizens—are available to reputable manufacturers in COLUMBIA, S. C.

Add to this top-flight civic cooperation the fact that COLUMBIA, S. C., is ranked among the top ten cities in the United States in business activity, and you are assured of a ready market for your products.

Wire to the INDUSTRIAL SERVICE BUREAU for preliminary engineering data, financing possibilities, and other helpful information—supplied without cost or obligation and in strictest confidence.

INDUSTRIAL SERVICE BUREAU

Dept. B, P. O. Box 874

Owen Building

Telephone 4-1026

COLUMBIA, S. C.

COLUMBIA
SOUTH CAROLINA

New Range Line

Perfection, manufacturer of kerosene stoves, will make gas, electric ranges, too. It's confident, despite industrywide slump.

The rural market has undergone a lot of changes in the past few years. Many of these changes have been due to the big increase in farm electrification. To a maker of kerosene stoves for farms, that increase could mean only one thing: Start making electric stoves to supplement your line if you want to keep your market. That's one of the reasons Perfection Stove Co., of Cleveland, announced last week:

A NEW LINE of electric and gas ranges, to be introduced this spring and summer;

AN EXPANSION PROGRAM to cost \$6-million, aimed at increasing the company's manufacturing space to more than 1-million sq.ft.

• Unfortunate—Perfection was unlucky in its timing. Plans for its new lines have been in the works for several years. But the announcement comes at a time when the stove business—after a hot two years—has cooled off.

Right after the war, the normal seasonal decline in sales between November and January didn't show up at all. Even before the war it ran only about 50%. This winter, however, saw drops as high as 75%. One company reported that demand for its low-priced ranges dropped more than for its de luxe lines.

Rapid changes in the sales picture have caused drastic inventory changes. In several cases, mill orders for sheet steel have been canceled outright. Stove manufacturers that worked on a 60-day raw-material supply in 1948 discovered in January that their inventories were equal to 180 days based on current sales.

• Cutbacks—Both wholesale and retail stocks of stoves have piled up, too. Several stove manufacturers have practically closed down their plants this winter, to allow excess stocks to move. This week, Westinghouse Electric Corp. announced a 12% to 30% cutback in production schedules on appliances, including electric stoves. Reason: heavy inventories. Westinghouse had already cut its stove prices: the Commodore model from \$214.95 to \$189.50; the Chieftain from \$244.95 to \$229.95.

Other electric-range makers have been slashing prices, too. General Electric Co. cut its least expensive model from \$199.95 to \$179.95; its de luxe



Buffalo Store's Stunt Pays Off in Sales

Screwy doings in Buffalo have won Sattler's department store the title, "The Hellzapoppin' Store." Sattler executives don't mind the name. They know their knack for the unusual builds sales.

Sattler's latest sales booster grew out of a letter written by Mrs. Homer Stanton of Mill River, Mass. She read a magazine story about the store, then sent Sattler's 50¢ "just to see what kind of bargain I'll get."

Mrs. Stanton hit the jackpot when store

executives decided to make a promotion stunt out of her request. On "Mrs. Stanton Day," they brought her to Buffalo, gave her \$3,500 in merchandise, 11¢ in change, And, store sales for the day jumped 20%.

Since then, the East Side store has had plenty of similar letters from would-be Sattler queens. The mails also produced 12 letters from miffed Buffalonians who thought it "unfortunate" that an out-of-towner had received the honor.

range from \$299.95 to \$284.95. Kelvinator pared \$15 off its \$169.95 model; took \$20 off its top-quality, \$329.95 stove. Both companies made comparable cuts on in-between ranges in their lines.

• **Optimistic**—Perfection isn't too worried about launching its new line in the midst of such a sales slump, says C. H. Foulds, vice-president in charge of sales. There are two principal reasons:

(1) In rural areas, the company feels its functioning, experienced distribution setup will give it a good start.

(2) In urban areas, Foulds feels that there's "always a good market for the right kind of merchandise at the right price."

• **Plans**—Perfection plans to make between 25,000 and 50,000 gas stoves in 1949 (10% to 20% of the company's total output). The new range will feature (1) "a no-turn" broiler (permits simultaneous broiling on both sides); and (2) lightweight stainless-steel burners. The idea of introducing a white porcelain-enamel oven interior is still under discussion.

First-year production on the Perfection electric range will reach somewhere between 15,000 and 20,000 units. Price is expected to be competitive with the G.E. line.

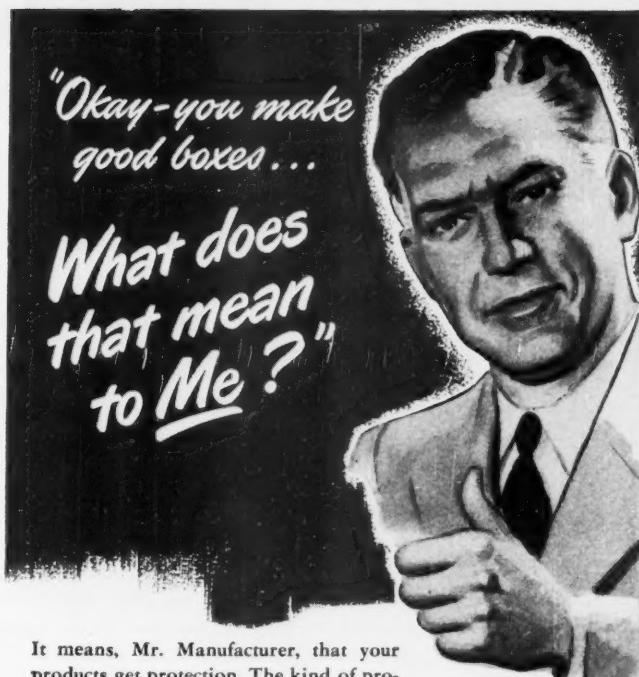
• **Background**—Production of gas and electric stoves marks a new departure for the 61-year-old Perfection Company. Originally it manufactured kerosene-burning stoves and ranges. As demand for new heating devices grew over the years, the company added such lines as oil-burning space heaters, gas and oil furnaces, hot-water heaters, auto heaters, and an oil-burning refrigerator.

Perfection markets its old-line products direct to rural retailers through a seven-district sales organization, with 125 salesmen. It plans to use this same setup to sell its new lines to the farm market.

Cities have always been the important market for the firm's hot-water heaters and furnaces. They have been handled through a separate sales division. Perfection will expand this organization to launch its new range in urban areas.

• **Kerosene Prospects**—Foulds says it is too soon to tell whether prices on Perfection kerosene stoves will be cut, now that the new lines have been added. Productionwise, the new lines will not affect the kerosene and oil stoves. In fact, Foulds predicts that 1949 output of the old-line products will break all company records.

Assembly lines for both kerosene cook stoves and the new ranges are now being installed in Perfection's expanded Ivanhoe Road plant in Cleveland. When production gets underway, company engineers say 1,000 units a day will roll off the lines.



*"Okay—you make
good boxes...
What does
that mean
to Me?"*

It means, Mr. Manufacturer, that your products get protection. The kind of protection that ends costly complaints, that keeps your customers happy, that keeps your customers.

It means that General Boxes are designed to the product . . . that they are actually "A Part of the Product." They are lightweight, compact, extra strong! You save freight, storage space, and gain added protection!

We'd like to tell you more about the very real benefits to you of General Boxes. Won't you write us today?

General Box Company has had more than 25 years of experience in manufacturing shipping containers. Furthermore, our two modern Designing and Testing Laboratories are available for the improved packing of your product. Booklet below gives complete details.



Send for your copy. It shows how you too can cut costs.

General BOX COMPANY ... engineered shipping containers

GENERAL OFFICES: 502 N. Dearborn St., Chicago 10.
DISTRICT OFFICES AND PLANTS: Brooklyn, Cincinnati,
Detroit, East St. Louis, Kansas City, Louisville, Milwaukee,
New Orleans, Sheboygan, Winchendon, Natchez.

Continental Box Company, Inc.: Houston, Dallas.



Ford is a BW advertiser is a BW

For 18 years... WHY?

THE FORD MOTOR COMPANY, and many other makers of trucks, trailers and tractors, have been long-time, consistent advertisers in Business Week. The reason is as simple as ABC:

- A. Business and industry are among the largest buyers of this type of equipment.
- B. BW reaches a higher concentration of Management-men . . . executives who make or influence buying decisions of business and industry . . . than does any other general business or news magazine.
- C. Advertising dollars invested in BW "work harder" . . . produce more.

BUSINESS WEEK PREFERRED . . . AGAIN IN 1948

Most other advertisers whose goods or services are sold to business and industry, have found that Business Week sells. So, again in 1948, Business Week for the first six months led all the general business and news magazines:

1. FIRST...

In page volume of business goods and services advertising. Total: 1762 pages.

2. FIRST...

In number of business goods and services advertisers. Total: 648 advertisers.

3. FIRST...

In number of exclusive accounts in the business goods and services classifications. Total: 307 accounts.

If your firm sells to business and industry, remember this about Business Week—

**WHEREVER YOU FIND IT, YOU FIND A
MANAGEMENT-MAN...WELL INFORMED**

Y

Advertiser is a BW advertiser is a BW advertiser



COMMERCIAL TRUCKS AND VEHICLES*

5 Years or More in BW

Autocar Company
Chrysler Corp. (Dodge Trucks)
Ford Motor Co.
Fruehauf Trailer Co.
General Motors Corp. (Chevrolet Trucks)

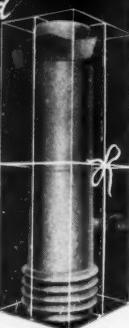
Lindsay Corp. (Bodies)
Reynolds Metals Co. (Bodies)
Studebaker Corp.
Willys-Overland Motors, Inc. (Jeep Trucks)
International Harvester Co. (International Trucks)

*Source: Publishers' Information Bureau analysis.

A NEW Idea in Heating

Packaged HEAT

IT'S MORE
Economical
Flexible
Practical



Even with inflated fuel costs, HEATING bills come tumbling down when THERMOBLOC's forced circulation of live, warm air is used to replace the costly cumbersome systems that are out-dated by today's needs. Savings are impressive enough for top management's attention! Get the facts from this bulletin.



Economical to buy and install.
Fully automatic, no attendant required.



High efficiencies—THERMOBLOC give 82 to 86% using GAS or OIL. Heat 3000 to 4000 sq. ft. without ducts or piping.



Flexible—each THERMOBLOC works independently—start up only those needed—when needed—use them for cool air circulation in summer.



THERMOBLOC DIVISION

PRAT-DANIEL
CORP. Manufacturers of the well-known
Thermix Power Plant Equipment

68 Water St., East Port Chester, Conn.

Gentlemen:
Please send me your bulletin HEAT—
Where you want it... When you want it!

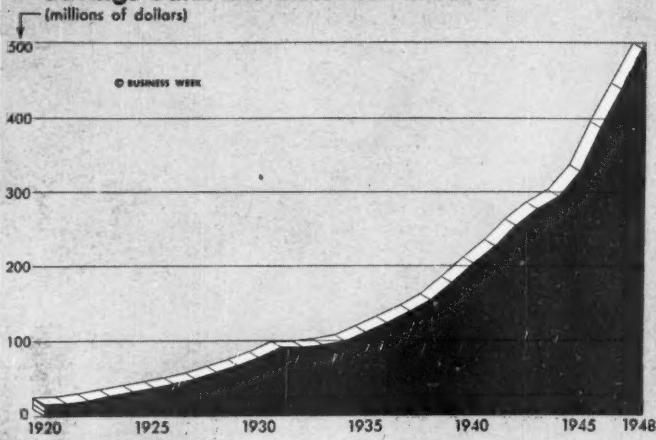
Name _____ Title _____

Company _____

Address _____

FINANCE

Savings Bank Life Insurance in Force



Bank Insurance Grows

A savings bank sideline has now assumed \$500-million proportions. Banks don't have to pay agents' fees to get new business. These small policies sold in three states.

Sometime this spring, the savings bank life insurance business is going to reach a landmark. The amount in force will hit the \$500-million mark for the first time—a dramatic illustration of how this sideline has grown into a considerable business over the past few years (chart).

Yet despite this growth, few businessmen know very much about the whole subject.

• **Blank Spot**—This blank spot is due in large measure to the selling methods employed by savings banks. Unlike life insurance companies, savings banks use no agents to drum up business. This helps to account for the lower cost of insurance bought through savings banks. But it also explains why fewer people are aware of it.

Added to this, the savings-bank insurance business is concentrated in the East. Only three states—Massachusetts, New York, Connecticut—have adopted the idea so far, though others have considered it.

For these reasons the savings-bank insurance now in force actually amounts to only a drop in the bucket. Compared to it, the amount of insurance written by old-line U.S. life insurance companies in these three eastern states now totals somewhere around \$40-billion.

For the entire U.S. the figure comes to about \$200-billion.

• **No Nemesis**—Savings-bank life insurance has caused a good many arguments since the late Justice Louis Brandeis got it started in Massachusetts 40-odd years ago. At first, life insurance people opposed the idea violently on the grounds that an institution selling insurance without commissions would take the bread out of the agents' mouths. The advocates of savings-bank insurance, on the other hand, thought of themselves as crusaders against the abuses in industrial life insurance that had been pointed up by the renowned Armstrong investigation of 1905.

But savings-bank insurance didn't turn out to be the nemesis of regular life insurance, and the two groups have since learned how to get along together. Both accept these basic assumptions: (1) Most people will always have to be sold life insurance; (2) those who take the initiative in buying want to get it without paying an agent's commission.

• **Cost Comparison**—Savings-bank insurance is less expensive than the "industrial" life insurance carried by many workers. For that reason some employers have their personnel departments tell employees about savings-bank

insurance. This is particularly true in Massachusetts, where the Associated Industries of Massachusetts has assigned a man, full-time, to push it with employers.

The difference in cost can be considerable. Clyde S. Casady, of the Massachusetts Savings Bank Life Insurance Council, estimates that the cost of savings-bank insurance in his state averages about 25% less than ordinary insurance written by the companies, and about 50% less than "industrial" insurance (policies up to \$500 written without medical exams, with premiums collected by agents weekly or monthly). In New York, the cost of an ordinary-life policy from a savings bank averages about 15% less than comparable company policies.

The lack of sales commissions is one obvious reason why savings banks have lower costs. Savings banks say that use of existing bank space and staff is another. There's still a third reason: It comes from the fact that fewer savings bank policies are dropped, because the policyholders bought them on their own initiative; when a policy lapses early the company has not had time to get back its "acquisition" cost.

• **Cash Values**—Because of lower acquisition costs, savings-bank policies provide more liberal cash and loan values in the early years of the policy.

In general, company ordinary policies don't have cash values until the second or third year. But savings-bank policies have cash values after the first six months. Loans equal to cash values may be made on savings-bank policies after the first year's premium has been paid. (It generally takes longer to get loans up to full cash value on company policies.)

• **Regulations**—Mutual savings banks write ordinary, group, and term insurance. "Issuing" banks individually issue the policies, invest premiums, and pay death claims. Each issuing bank has an insurance department, completely separate from its banking activities. "Agency" banks take applications for policies, and get a small percentage of premiums collected. In Massachusetts some national banks and credit unions act as agents along with savings banks.

The amount of savings-bank insurance that can be taken out in New York is \$5,000—and you can't go to another New York bank and buy more. In Connecticut, the limit is \$3,000. Massachusetts restricts policies to \$1,000 in any one issuing bank. But the same bank can sell you \$1,000 policies in 24 other issuing banks. So the limit is \$25,000. In all three states, the insurance can be bought only by those who live or work in the state. But they don't have to give it up if they move away.

• **Cooperation**—Any life insurance organization must have: (1) an actuary to figure out what premiums should be



Two-second fastener cuts production costs!

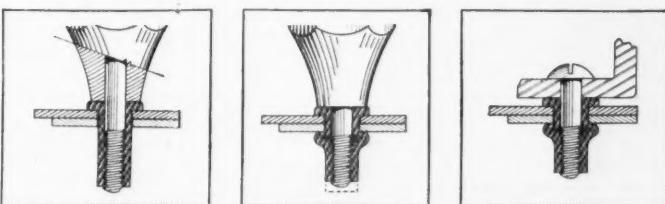
IN the picture above, a Rivnut is being threaded onto a Rivnut heading tool. Two seconds later it will be completely installed, ready to take an attachment screw!

Rivnuts—the only one-piece blind rivet with threads—reduce man-hours of assembly work, cut production costs. Used as a "blind" rivet, a Rivnut can be installed in hard-to-reach places where ordinary rivets wouldn't work. And it can be installed after enameling or painting,

without marring the finish. Used as a nut plate, Rivnuts provide at least six clean threads for secure attachment.

Rivnuts are installed with a simple, easy-to-use power tool—or a manual tool. No special experience is needed. You have fewer rejects. And the quality of Rivnut fastening means better service from your product, greater customer satisfaction.

Write for details today. And ask for a free Rivnut "demonstrator". The B. F. Goodrich Company, Dept. R, Akron, O.



1. Rivnut, threaded onto pull-up stud of tool, is inserted in work.

2. Pull-up stud retracts, forming bulge in the Rivnut shank.

3. After upset, Rivnut threads are still clean, ready for attachment.

B.F. Goodrich
RIVNUTS

The only one-piece
blind rivet with threads

The B. F. Goodrich Co., Dept. R
Akron, Ohio

Gentlemen:

Please send me a free Rivnut demonstrator.

NAME: _____

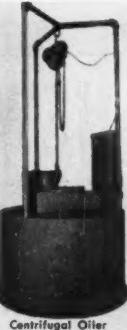
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67%



Centrifugal Oiler



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Washer and Oiler**

Here is completely automatic equipment which will cut filter maintenance costs and do a better service job for you. The Far-Air units presently in operation for some of the major lines have proved our performance claims—filter cleaning and oiling costs reduced up to 67% when as few as 100 filters are serviced per day.

Designed to handle filters of all sizes, this filter-a-minute equipment thoroughly cleans and reols filter units and permits immediate use of the filters after servicing. It adds considerably to the service life by eliminating rough handling and corrosion.

Complete information—drawings, specifications, photographs, installation, operation and maintenance instructions, comparative cost data—are available for your inspection. Investigate this equipment now.

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Union Pacific Railroad
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The Pennsylvania Railroad
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charged, (2) a medical director to screen out bad risks. These technical services are provided for the savings banks by a state-wide organization.

In Massachusetts, the governor appoints seven unpaid trustees, who in turn appoint a state actuary, state medical director, and a deputy commissioner of savings-bank insurance. Salaries of the staff are paid through the state budget, but the state is repaid in advance by the issuing banks.

New York and Connecticut adopted savings-bank insurance much later than Massachusetts. New York savings banks began writing it in 1939, Connecticut banks in 1942. In both states, the central organizations are semi-public corporations. Unpaid trustees appointed by the governor or the superintendent of banks select the officials who run the plan. Expenses are paid by the issuing banks.

• **"Pools"**—In each state, the banks "pool" their mortality experience. This enables all to charge the same premium rates set by the central actuary. Those rates are based on estimates of the average number of deaths to be expected. No one bank can be sure that the number of deaths among its policyholders in any one year will be exactly average.

So at the end of each year, those where deaths have been below average pay to the banks where deaths have been above average. Each bank ends up

paying the same amount of death claims, in proportion to the amount of insurance it has in force.

• **Mortality Rates**—Among savings-bank policyholders the mortality rates have been lower than among those of the old-line companies. The reason, according to the companies: All three savings-bank systems are comparatively young, and therefore growing at a faster rate than companies which already have many billions of dollars of insurance in force. So a relatively high proportion of their policyholders have been given a medical examination recently. They haven't had time to develop diseases since being medically screened.

Each bank invests the premiums it collects. Investments are limited to those normally open to savings banks. However, insurance reserves don't have to be kept as liquid as investments of savings departments. For incoming premiums are usually more than sufficient to pay death claims and expenses.

• **Slow Start**—When savings-bank insurance was first authorized in Massachusetts in 1907, the banks themselves weren't interested. The first bank in the system began writing insurance a year after the law was passed. Other banks were slow to come in. After 1929, interest picked up. By now most Massachusetts savings banks are either issuing or agency banks. Although New York has had savings-bank insurance for only

1948's Underwriting Box Score

Public offerings of new corporate securities in 1948 slipped \$500-million under 1947—a drop of almost 15%. The Securities & Exchange Commission added up the figures last week, found that only 265 new stock and bond issues, totaling \$3-billion, were sold to the general public. In 1947, there were \$11 new issues totaling \$3.5-billion sold on the public market.

Underwriters can't blame the whole decline on a shortage of new corporate capital flotations. Total flotations last year (public and private) came to nearly \$6-billion—just 5% under 1947. The main

cause of the skid in public offerings was the jump in direct seller-to-buyer deals; about 40% of 1948's new corporate capital flotations bypassed the public market.

All told, 663 investment-banking houses had a hand in the year's public offerings. Only 12 of them, though, chalked up underwriting totals in excess of \$50-million. Wall Streeters fell behind the Chicago's Halsey, Stuart & Co., Inc.

Here's how the leading underwriters stacked up in public offerings of new corporate issues during 1948 (in millions—000,000 omitted):

Halsey, Stuart & Co. (Chicago)	.....	\$352
First Boston Corp. (N. Y.)	.....	120
Blyth & Co. (San Francisco)	.....	77
Kidder, Peabody & Co. (N. Y.)	.....	75
Harriman, Ripley & Co. (N. Y.)	.....	70
Lehman Bros. (N. Y.)	.....	68
Merrill Lynch, Pierce, Fenner & Beane (N. Y.)	.....	67
Salomon Bros. & Hutzler (N. Y.)	.....	59
White, Weld & Co. (N. Y.)	.....	57
Goldman, Sachs & Co. (N. Y.)	.....	56
Smith, Barney & Co. (N. Y.)	.....	55
Union Securities Corp. (Chi.)	.....	54

ten years, about half of the savings banks in the state are now in the system.

Here's why savings banks have become interested in selling life insurance: It brings in new depositors. A New York survey made in 1946 showed that only 37% of policyholders surveyed had been depositors in the savings departments of the banks where they took out their policies. The banks assume that many became depositors later.

The banks have found that life insurance fits in well with the other thrift services they have to offer. "Package" savings plans have been very successful. These plans include: (1) a savings-bank deposit, (2) an insurance policy, (3) payments on war bonds. For example, New York banks advertise that \$5 a week for ten years, starting at age 35, will bring depositors \$1,070 in cash and \$1,000 in war bonds, while keeping in force a \$3,000 insurance policy. There are many variations.

• **Income Groups**—Purchasers of savings-bank insurance do not come solely from low-income groups. In fact, a recent Massachusetts survey found that 12% of the people in the executive and professional class had it. That was the highest percentage of any income group. Only 2% of those in the unskilled labor class had it. In the skilled-labor group, the percentage of savings-bank insurance policyholders was 7%; in the small-businessman and salesman group, 11%.



Returns to Rochester

Robert C. Tait left Rochester, N. Y., to make good with the Mellon National Bank & Trust Co. of Pittsburgh. This week he shifted from vice-president of the Mellon Bank to a new job back in Rochester. He became president of Stromberg-Carlson Co., maker of radio and TV sets and telephone equipment. Tait, 49, succeeds Dr. Ray H. Manson, 71, president since 1945. Manson becomes chairman of the board.

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**"I asked my secretary why our letters look so much better lately. She said,
'Improved Hammermill Bond.'"**

"Any typing we do," she told me, "on this paper's smooth white surface stands out with new sparkle and freshness, looks cleaner and more impressive on *improved Hammermill Bond*."

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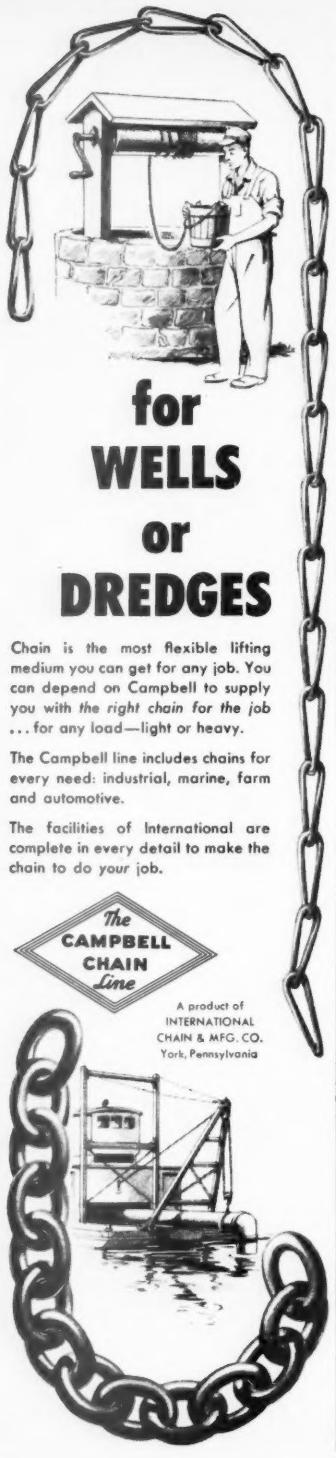
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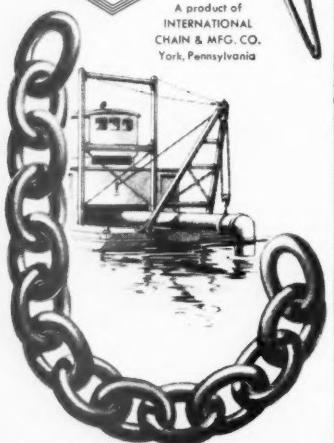
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Radioactive Stock

Tracerlab, Inc., processor of radioactive isotopes for medical and industrial uses, registers new issue with SEC.

"Atomic securities" will soon make their debut in Wall Street's new-issues market.

• **New Issue**—The ice-breaker will be Boston's Tracerlab, Inc.—the first company to build up a business on the byproducts of atomic fission (BW—May 22 '48, p52). Last week the company filed a registration statement with the Securities & Exchange Commission; it showed that Tracerlab would soon put up for public sale 104,000 shares of new \$1-par common stock.

Lee Higginson Corp. will handle the issue. Offering price of the shares won't be known until later. The company, however, apparently expects to realize something over \$1-million from the deal. Thus, cost to subscribers probably will be a little more than \$10 a share.

• **Purpose**—Tracerlab, according to present plans, expects to use \$600,000 of the net proceeds to develop new industrial applications for radioactivity; \$250,000 to expand its list of commercial products. Another \$120,000 will be used to buy and improve a Boston building, which will house its manufacturing, laboratory, and home-office fa-

cilities; \$80,000 has been earmarked to cover the costs of operating branch sales offices.

Tracerlab was organized in 1946 by a group of young scientists and engineers. Its primary raw materials are radioactive isotopes, bought from the Atomic Energy Commission. These are made at the government's Oak Ridge (Tenn.) plant; at Tracerlab's "hot laboratory," they are incorporated as tracers into the particular chemical compounds needed by its customers.

• **Varied Interests**—Tracerlab is the biggest domestic commercial processor of isotopic tracers today. But that's not its only activity. It's a leading manufacturer, too, of the instruments needed to trace them—including Geiger-Mueller counters and other precise measures of radio-active samples. It also makes protective shields, containers, and remote-control "hot-lab" tools, and offers a consulting and research service.

Thus far, its research and development on use of tracers have been largely in the fields of science and medicine. It has made progress, however, in developing industrial applications—which may offer the greatest potential markets in the long run. The company is now selling instruments to measure automatically and continuously the thickness of sheet materials used by the paper, rubber, plastic-film, and sheet-metal industries. Other promising applications include physical measurement of liquids, solids, and gases, and production-control instruments for process industries, such as the steel, petro-

March 11, 1949.

TO OUR SUBURBAN PATRONS:

Yesterday morning the engine on train No. 302 from Waukegan slipped a "tire" on a driving wheel at Cuyler Station at 6:00 A.M. and was unable to proceed, blocking trains behind it on the outside track. This meant that virtually all suburban trains during the morning rush-hour period had to use the center track from Main Street, Evanston to Chicago. Since passengers had to entrain from the center track at each station, further delays resulted to all trains at each station.

We regret sincerely any inconvenience you may have been caused through the delay of your train.

H. C. DUVALL,
Passenger Traffic Manager

CHICAGO AND NORTH WESTERN RAILWAY COMPANY

The Chicago & North Western Explains

Every commuter knows the frustration of sitting 10 or 15 minutes in a stalled train, while work waits at the office or dinner cools at home. But he seldom knows why his train is delayed. Commuters on the lines of the Chicago & North Western Railway Co.

are more fortunate. The company has a policy of printing a simple explanation of the delay; it is placed on the seats of the same train the next day. Since it started the practice last Dec. 1, the road has set out the slips about 15 times.

leum, chemical, food, and drug trades.

- **Financial Record**—Tracerlab's sales and earnings haven't yet reached high levels. Both, however, have been showing sturdy growth. Sales in 1948, for example, came to \$754,000, compared with \$180,000 in 1947. Earnings also rose: from \$8,000 to almost \$31,000. And recent operations, the company says, indicate further gains in 1949.

Boston's well-known "venture capital" company, American Research & Development Corp. (BW-Feb.19'49, p6), has played an important role in Tracerlab's growth to date. Several of its members are on Tracerlab's board.

Tracerlab's new issue won't be sailing under any false colors. The stock "in the opinion of the management . . . is highly speculative," the prospectus will say.

FINANCE BRIEFS

The oil industry's earnings this year will average 10% to 20% under 1948, predicts Phillips Petroleum Co.'s vice-president, Taylor S. Gay.

A state lottery, approved by Nevada's Assembly, is now being considered by the Senate. Backers say quarterly drawings would bring in \$8-million annual revenues after paying for \$1-million in prizes.

Paramount shareholders are voting heavily in favor of splitting the exhibition and production ends of the business (BW-Mar.19'49,p98). Latest score: 2,218,758 shares for, 40,249 against. RKO's shareholders have given final approval to the splitup plan recommended by their directors (BW-Feb.26'49, p104). That permanently divorces RKO theaters from the picture-production and distribution operations.

Unsold municipal bonds in dealers' hands came to \$127-million early this week—a spurt of \$15-million since the start of last week. The inventory has doubled this year, a state of "indigestion" reflected in weakening prices.

Fire-insurance rates are going down in Vermont. The New England Fire Insurance Rating Bureau has cut rates on dwellings by 5%, on many apartment buildings by as much as 25%.

Standard Oil of Indiana is now negotiating a \$50-million long-term loan to replenish cash shrunken by 1948's heavy capital expenditures.

Southern New England Telephone will soon request stockholders to O.K. a 4-for-1 split of its common stock.

Why They Went to Oklahoma

With B.F. Goodrich it was

The Result of Extensive Investigation

T. G. GRAHAM
Vice President
The B. F. Goodrich Company
Says:

"The Miami, Oklahoma, tire and tube manufacturing plant of B. F. Goodrich began operations in 1946.
"Miami was selected from a list of 90 possible locations after full consideration of:

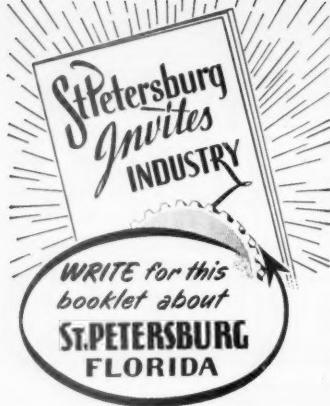
- Location with reference to our markets
- Ample water
- Fuel and power facilities
- Road and rail transportation
- Manpower availability

"Our experience as industrial citizens of Oklahoma indicates a long, pleasant and productive relationship in the years ahead."

Oklahoma has many business advantages in addition to those which appealed to Goodrich. Send for this book of information which describes graphically, 12 of this state's favorable factors. A special confidential survey report relating to your own business will be prepared on request.



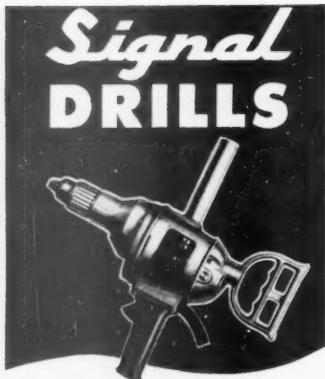
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St. Petersburg, Florida's fastest growing city, offers interesting opportunities and advantages to many types of light industry. Resident population 100,000. Winter visitors 250,000. Market within 75 mile radius, 750,000. Mild year-round climate. Unexcelled living conditions. Contented labor. For book and special information address:

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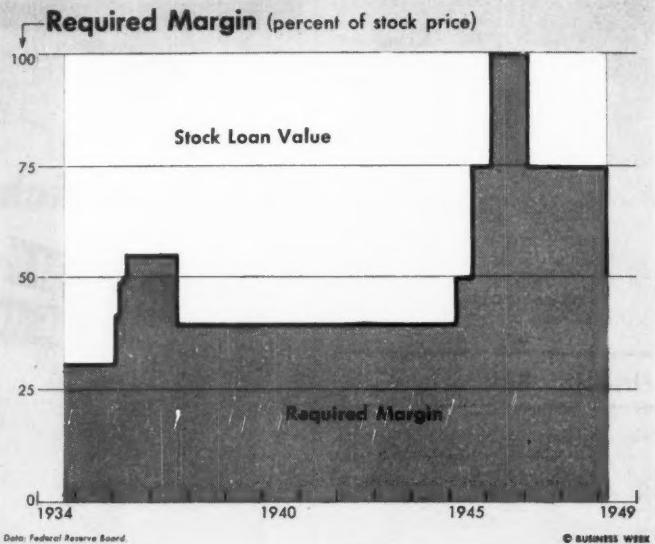
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Good News—But How Good?

Reserve Board's cut in margin requirements to 50% is welcomed by the bulls. But Wall Street thinks margins are still too high. And bears see fear of deflation as reason for action.

Wall Street's first reaction to the cut in margin requirements this week was one of delighted surprise. The day after the news broke, volume on the New York Stock Exchange jumped up to 1,800,000 shares—the biggest day since Nov. 10, 1948, when the market was paying off its election bets. The Dow-Jones industrial average bounced up 2.40 points, the rails 1.19.

• **Buying Power Boosted**—With a little scratch-pad arithmetic, you can see just why traders put such a bullish twist on the change in margin rules. Previously the Federal Reserve Board required

buyers of stocks to put up 75% of the price in cash.

Now the margin requirement drops to 50%. This means that a man with \$1,000 can buy \$2,000 worth of stock. Before, he could buy only \$1,333.33 worth. In other words, his buying power has gone up 50%.

• **Other Bullish Signs**—Technically the market was in fairly strong shape when the good news came. For the past month, the averages have been working their way, inch by inch, out of the danger zone they got into last February (BW-Mar. 5 '49, p90). Bulls were beginning to talk hopefully of a spring rally even before the FRB change.

But if past history means anything, it takes more than just a cut in margin requirements to get a real bull market started. The cut from 55% to 40% in October, 1937, didn't make any difference in the basic downtrend. Neither did the cut from 100% to 75% in January, 1947.

• **Still Too High?**—By Wall Street's standards, even the new requirements are painfully high. Brokers still think of the margin as the ratio of cash to the amount loaned on the stock rather

Security Price Averages

	This Week	Month Ago	Year Ago
Stocks			
Industrial	149.7	145.2	144.5
Railroad	40.5	38.6	39.4
Utility	71.6	70.3	69.6
Bonds			
Industrial	97.5	96.9	97.0
Railroad	81.4	82.2	85.5
Utility	95.7	95.8	95.3

Data: Standard & Poor's Corp.
† Revised

than the ratio of cash to the price of the stock, as the FRB does.

By their way of figuring, present margin requirements are 100% (that is, \$1,000 of cash for every \$1,000 of loan), not FRB's 50%. This compares with margins of 20% to 25% (Wall Street style) in the days before regulation.

• **Fear of Deflation**—In one respect, the cut in requirements gives the bears a talking point. It means that the Reserve

Board has stopped worrying about more inflation and is thinking in terms of deflation.

This might worry Wall Street more if inflation had been bullish for the stock market. But the inflation of the past three years has hurt stock prices more than it has helped them (BW-Mar. 12 '49, p54). The market has been stuck in a trading range only a little above its V-J Day level.

Long Dividend Records Pay Off

Even the stock market's oldest dividend payers haven't been acting any too well lately. You can find some commons with dividend records dating back 44 to 75 years that now sell at levels only 4 to 6 times their 1948 earnings. And some of the old-timers offer yields ranging well above 6%.

Nonetheless, class tells. Discouraging as their performance has been, most issues of this type have done much better than those with considerably shorter dividend rec-

ords. Many of the latter can be bought at prices well below 4 times their 1948 earnings—as low as 1.8 and 1.9 times in a few cases. And yields range from 9% to 12%.

Here is a sampling of issues picked at random from both groups. The average price of the old-timers listed here is around 8.6 times 1948 earnings; their average yield figures out to around 6.75%. The average price of the less-seasoned group is only 3.9 times last year's earnings; the average yield is over 9%.

	<i>Yearly Dividends Since</i>	<i>1948</i>		<i>Price Earnings Ratio</i>	<i>Current Yield</i>
		<i>Earnings Per Share</i>	<i>Dividends Per Share</i>	<i>Recent Price</i>	
Commons paying dividends for 50 to 101 years					
American News Co.	1864	\$5.33	\$2.25	\$33.00	6.2
American Telephone & Telegraph	1881	.1952	.00	145.75	15.3
Borden Company	1899	4.46	2.55	39.50	8.9
Burroughs Adding Machine	1895	2.52	.75	14.75	5.9
Cannon Mills	1890	12.59	5.25	43.00	3.4
Cincinnati Gas & Electric	1853	3.05	1.40	28.62	9.4
Coca-Cola Company	1893	8.22	5.00	62.00	7.5
Colgate-Palmolive-Peet	1895	3.56	3.00	32.75	9.2
Commonwealth Edison	1890	1.78	1.43	26.50	14.9
Consolidated Edison (N. Y.)	1885	2.31	1.60	23.00	10.0
Diamond Match	1882	2.62	2.00	37.50	14.3
General Electric	1899	4.29	1.70	37.50	8.7
General Mills	1898	5.83	2.50	46.25	7.9
Lehigh Coal & Navigation Co.	1881	1.81	1.00	10.12	5.6
Pennsylvania R. R.	1848	2.61	1.00	16.50	6.3
Pennsylvania Salt Mfg. Co.	1863	2.79	1.50	36.25	13.0
Procter & Gamble	1891	6.59	4.00	62.50	9.5
Standard Oil (Ind.)	1894	9.16	2.13	39.75	4.3
Westinghouse Air Brake Co.	1875	5.00	3.00	30.12	6.0
S. W. White Dental Mfg. Co.	1881	4.40	1.60	24.12	5.5
Commons paying dividends for 2 to 13 years					
American Locomotive Co.	1943	2.30	1.40	16.12	7.0
American Machine & Metals	1942	1.82	.50	6.62	3.6
Aveo Mfg. Co.	1941	1.10	0.60	6.12	5.7
E. W. Bliss Co.	1947	3.34	1.00	11.12	3.3
Cincinnati Milling Machine	1946	2.70	1.40	23.50	8.7
Container Corp.	1936	10.12	4.50	35.00	3.5
Robert Gair Co.	1941	2.67	0.70	6.00	2.2
Marshall Field & Co.	1939	5.45	2.00	22.00	4.0
Mengel Co.	1941	3.12	1.25	11.25	3.7
Mullins Mfg. Co.	1944	5.07	.95	12.37	2.4
Nash-Kelvinator Corp.	1941	4.64	1.40	12.50	2.7
National Tea Co.	1944	5.08	1.88	26.00	5.1
Republic Steel	1940	7.61	2.25	23.62	3.1
Revere Copper & Brass	1946	5.02	1.25	14.12	2.8
Southern Pacific	1942	10.27	4.50	41.62	4.0
Stokely-Van Camp	1946	1.97	1.00	10.25	5.2
Studebaker Corp.	1943	8.11	1.75	18.37	2.3
Textron, Inc.	1942	5.77	.75	10.12	1.8
United States Steel	1940	11.99	5.00	72.50	6.0
Wheeling Steel	1941	23.24	2.25	44.00	1.9

A—On consolidated basis.

VALUABLE AUTOMATIC CAR WASHER FRANCHISE AVAILABLE

Increasing Demand for New, Faster Car Wash Requires Additional Stations

The Minit-Man Automatic Car Washers now in daily operation across the country have proved conclusively that the demand for this new type of car service can be an extremely profitable field for you if you get into it at once.

The pioneering is completed. Over 120 stations are in operation right now. Very shortly the owners of over 200 stations will be realizing unexpected high profits from this novel, efficient, time-saving business that has captured the imagination of the motorist everywhere.

Many Excellent Areas Are Still Open

Cities such as Detroit, New York, Peoria, Chicago, Los Angeles, St. Louis, Houston, Boston, New Orleans, San Francisco, Des Moines, Portland, Maine, Seattle, Denver, Washington, D.C., etc. already have some installations. But more franchised locations in these and other cities of all sizes are available and should be taken up at once to meet the growing demand. Smaller communities with less potential business may be restricted to even a single station with obvious advantages to the holder of exclusive rights to all the local as well as tourist business. In any case, the holder of a Minit-Man Franchise is fully protected.

Upwards of 300 cars per day are being washed by most stations. Some report business averaging 500 per day, while one recorded a 1000 car day! With no station charging less than \$1.00 per car and with only a nominal amount of labor needed, the entire cost of the machine is soon written off.

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LABOR



MAN WITH A FUTURE: Maurice Tobin, with the Hoover commission's help, is . . .

Planning a Stronger Labor Dept.

It was shorn of many of its functions by the 80th Congress. Now the commission suggests that it get most of them back—plus some new ones. Congress will go along—at least part way.

It looks as if employers will soon be confronted with a bigger and stronger Dept. of Labor. Since 1933, the Democratic Administration has been eager to build up the agency in which the unions have the greatest influence. But, for the most part, Congress has blocked that.

Now, however, the Hoover commission recommends—for administrative reasons—that the Labor Dept. be larger, more powerful. If even part of the recommendations are O.K.'d by Congress, labor-minded Maurice Tobin will become the most important Secretary of Labor since the cabinet post was created in 1913.

• **Not All Bad**—Increasing the scope of the Dept. of Labor isn't all bad news for employers. Some of the work it has been forced to drop because of budget cuts had been useful to business. For example: getting and analyzing statistics. This chore may now be restored to its old size.

Not everything the Hoover commission suggests will get by Congress, of

course. But at least a good part of the program—backed by the Administration—is likely to be adopted.

• **Background**—During the 80th Congress, the Labor Dept. lost some important functions—conciliation of labor disputes, among others. But, says the Hoover commission, the pruning was too severe. It crimped the operating efficiency of the department, and cost it "much of its significance. . . . It should be given more essential work to do."

So the commission would transfer to Tobin's shop functions which "are more nearly related to the problem of labor than to those [agencies] with which they now are associated."

• **Recommendations**—The specific recommendations were welcomed by Tobin—and by union labor. The commission proposals would give the department much of the authority it has unsuccessfully sought in the past—and some it hadn't asked for.

First, there is the group of functions which the Labor Dept. wants—and

which the Hoover commission would give it:

Bureau of Employment Security—which includes the U. S. Employment Service and federal unemployment-compensation work. The bureau is now a part of the Federal Security Agency. It has 1,030 employees, a \$6-million operating budget.

Enforcement of labor standards on government-contract work—such as the standards for hours and wages set up by the Davis-Bacon act and the Cope-land anti-kickback act. Today, each agency that lets a contract is supposed to enforce the government labor requirements on its own contractors.

Determination of minimum wages, manning requirements, and fair working conditions for seamen. This is now handled by the U.S. Maritime Commission.

Industrial hygiene investigation, research, education, and enforcement. The National Public Health Service now helps the states in this program. The Labor Dept. really wants more in this field than the Hoover commission would give it; so the commission suggests that a study should be made to "work out a logical division of functions between labor and health agencies."

Then there are the functions which the Labor Dept. hasn't asked for—but which the commission would give it anyway:

The Selective Service System, now an independent agency. The commission majority said the switch should be made because the Labor Dept. and Selective Service both deal with the important manpower question. But three Hoover commission members—Secretary of State Dean Acheson, former Defense Secretary James Forrestal, and former Rep. Carter Manasco—dissented.

"**Pervailing wage**" research—determination of wages for hourly-paid federal employees who are not in classified service. This is now handled by several agencies, some overlapping.

Bureau of Employees' Compensation and the Employees' Compensation Appeals Board—which handle workmen's compensation for federal employees. Both were independent agencies until 1946, when they were put into FSA. BEC has 375 employees, a \$1.5-million budget.

Finally, there are some functions which the department would like to control, but which the commission did not mention:

Conciliation. The Federal Mediation & Conciliation Service, with 375 employees and a \$24-million budget, was set up as an independent agency by the 80th Congress. Before that, it had always been part of the Labor Dept.; the department would like to get it back.

Wages and hours. The Wage-Hour Administration is already in the Labor

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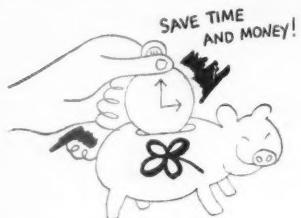
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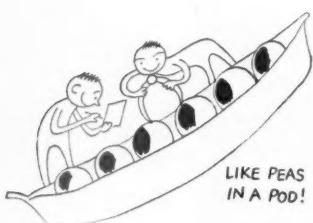
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Dept.—but only for "housekeeping" purposes. The Secretary of Labor has no authority over its operations—even though it has a third of the department's personnel, and gets a third of the department's funds. Tobin would like to have it a part of the department in fact, as well as in name.

Statistics. The Census Bureau (part of the Commerce Dept.) now collects, analyzes, and publishes monthly labor-force statistics. The Labor Dept. feels that this is definitely its baby.

The department will get some of the functions in this last group if bills now pending in Congress become law. For instance, the Administration bill to repeal the Taft-Hartley law and re-enact the Wagner act would restore conciliation to the Dept. of Labor. The new minimum-wage bill, just approved by the House Labor Committee, would make the Wage-Hour Administrator answer to the Secretary of Labor.

• **What's Coming**—Just what Truman will ask for in his reorganization plan will depend on what Congress does with pending labor legislation, and what Secretary Tobin really wants. For instance, Tobin will not ask for the National Labor Relations Board and the National (Railway) Mediation Board. Some of his subordinates have suggested that the department ask for control of these two independent agencies, but Tobin doesn't agree.

Tobin would like to get Selective Service—but it's not likely that Truman will agree on that. Even if he did, Congress probably would not go along.

Birthday-Holiday Plan Costs Keystone Less

Holidays always run up expenses for management. That's why employers are looking for new ways to settle union demands for more paid holidays. Some, like the Keystone Brass & Rubber Co., Philadelphia, have solutions.

Keystone recently agreed to give members of its A.F.L. union a day off, with pay, on their birthdays—or to pay them double-time if they stay on the job (BW—Feb. 19 '49, p.109).

• **Cost Saving**—Since then, Keystone has been getting a lot of comment about its plan. For the most part, it says, the comments have been "critical of our starting something new, to add to the cost of production." Actually, Keystone figures its plan will keep costs down.

Here's why: Keystone's union wanted an extra paid holiday—Washington's birthday—in its 1949 contract. M. Durst, Keystone's president, didn't want to shut down the plant on a day most Philadelphia plants don't observe as a holiday. Talks with the union proved that members weren't particularly in-

terested in Washington's Birthday, as such. They just wanted the extra day off, with pay.

So Durst's suggestion to make birthdays holidays was snapped up quickly. Since only a few workers will be out on any one day, Keystone will be able to keep up normal operations.

Money vs. Security

Left-wing unions pick pay hikes as an issue to recoup lost strength. "Fringe" benefits are secondary.

Communist influence in unions isn't what it was a few months ago. Leftist leaders know they need to pull something dramatic if they are to recoup lost strength. And they think they have it: a militant drive for a big wage boost at a time when right-wing leaders are harping on pensions and social insurance.

• **Three for a Hike**—Three left-wing unions are making a fourth-round wage hike their key issue in 1949. Here are the three and what they are after:

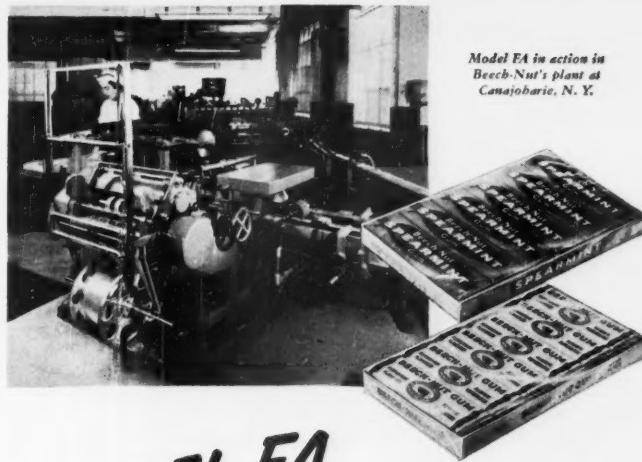
• The United Electrical, Radio & Machine Workers (C.I.O.) wants a substantial pay boost. (It hasn't said yet exactly how much.) It also wants—for propaganda effect—unified wage demands by all C.I.O. unions. This would bring about the "broadest possible participation in the fight to advance the standard of living." Amount of the wage demand would be set at an all-C.I.O. wage conference.

• The Farm Equipment Workers (C.I.O.) has its sights on a 30¢ hourly pay hike; F.E.W. says this wage demand has priority over everything else.

• The Mine, Mill & Smelter Workers (C.I.O.) wants 25¢ more as part of a "package" which also includes an "adequate" employer-financed health, welfare, and pension plan.

• **Campaign Aims**—The leftists' campaign is aimed at: (1) building up rank-and-file sentiment for bigger hikes than right-wing leaders are likely to produce; and (2) forcing higher settlements, if possible, in their own bargaining sessions.

The leftist policy means delayed bargaining for many employers who deal with U.E. and the other unions. The unions don't want to be pinned down to figures in a contract before they see what the right-wing unions get. U.E., in particular, has been signing up with short-term wage reopening clauses. It wants to go back to the negotiating table later, when there's a chance that tough talk—and possibly strikes—may bring gains that will overshadow those of the right-wing camp.



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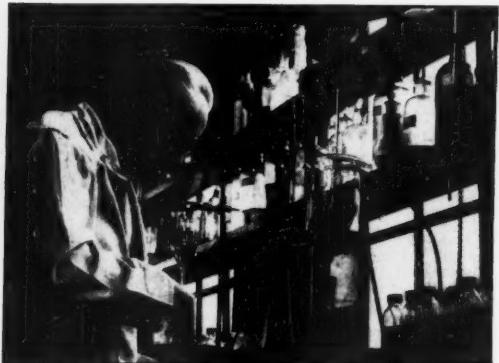
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The experienced employee is still hard to find in most lines. But students and beginners are starting to plug the holes.

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• **Handbook**—That's the Bureau of Labor Statistics' conclusion from surveys of 288 skilled and technical occupations. The study: an "Occupational Outlook Handbook." Price: \$1.75 from the Government Printing Office.

• **Reasons**—Why, when unemployment among many types of workers is rising,

is it hard to find trained men? BLS found that:

(1) Technological developments during and since the war have sparked new industries, brought expansion to older ones. That meant recruiting new personnel—for the laboratory and the assembly line. The number of engineers employed, for example, rose from about 245,000 in 1940 to more than 300,000 in 1947—and still this wasn't enough.

(2) While war needs were expanding, the draft was thinning down the number of college students training for technical jobs: from 1942 to 1945, nearly 25% fewer Ph. D. degrees were granted than in the preceding four-year period.

• **Coming**—Since the war's end, however, students are once more beating at the gates of technical schools and colleges: in engineering schools, enrollment has jumped to three times the prewar level. The first postwar graduates are already on the job. And each semester brings out a bigger crop.

Thus, it looks as though it will take

BUSINESS IN MOTION

To our Colleagues in American Business . . .

only a few months to ease some of the shortages; others will last only for another year or so; in two or three years, trained help will be plentiful in practically all fields.

• **Outlook**—Here's the outlook for some of the types in especially short supply:

Civil Engineers. There will be a great demand for these during the next few years till war-deferred civilian and government construction catches up. But some of this backlog has been, or is being, worked off. And enrollment in civil engineering courses is about double prewar. So even if business activity keeps going at top speed, there will probably be plenty of civil engineers to choose from in three years—at the outside.

Electrical Engineers. Because electricity is taking more jobs in industry, in transportation, in homes, on farms, and in television, the demand for electrical engineers is growing. But the supply is growing even faster. Electrical engineering classes are almost three times as big as they were before the war. Veterans who learned radar and electronics while in service have broken with the field. So you can look for a surplus of electrical engineers—maybe in about a year.

Mechanical Engineers. This is the biggest group in the engineering line. A wartime influx of men without degrees helped swell it. Now, with a record enrollment in mechanical engineering courses, the fast-growing supply is beginning to balance demand. Aeronautical specialists, recently graduated, are having trouble getting jobs.

Chemical Engineers. The number of these has doubled since 1940, to about 30,000 in 1948. But jobs for them are still increasing fast. The chemical industries are expanding; other industries, research institutes, and schools are looking for more chemical engineers. True, chemistry students are jamming the classrooms, and industry will soon be able to pick and choose. But only among beginners. Advanced chemists are likely to be scarce for years to come.

Mining Engineers. Oil companies are the only ones scouting for them now. Otherwise there seem to be enough to go around. About 10% of the mining engineers were unemployed in 1940; and operators' needs since then haven't greatly outstripped the number of graduates.

Metallurgical Engineers. Discoveries of new alloys and new uses for old ones are putting the metallurgical engineers higher on the popularity ballot than they ever were before the war. But recent graduates and graduates-to-be will soon bring supply and demand into balance—or even produce a surplus.

Industrial Engineers. The supply will still be tight for some two or three years. Right now industry is grabbing them up

A program in which Revere is taking especial interest and pride is that for Revere Home Flashing. The interest is based on sales considerations; we feel that this new product will broaden the market for sheet copper. The pride stems from the fact that through this promotion we are bringing the great advantages of copper flashing to homes whose prices heretofore were not thought to provide for it. This we regard as a valuable public service. Already we have sufficient evidence of sales response and public appreciation to show that the basic idea is sound.

For many years the more expensive homes have included copper flashing more or less as a matter of course. Around chimneys, in valleys, over and around windows and doors, wherever there is an opening in the roof or wall, and where one plane meets another, sheet copper is applied as a permanent seal against leaks.

It was partly cost and partly lack of information that was keeping non-rusting copper out of the less expensive houses. As an attack upon the cost problem, Revere conducted a long series of careful tests on various gauges of copper, to see if a somewhat lighter and hence less expensive sheet would do. These tests showed that when properly applied in lengths not greater than four feet, the lighter gauge in a special temper was perfectly satisfactory.

Encouraged by this knowledge, Revere developed a standard package, containing 10 sheets, 18 by 48 inches. Included in

each package is a large booklet showing by pictures and simple text how to flash a building correctly, instructions that any builder or carpenter or sheet metal worker can follow. In addition, the package contains hardware bronze nails, so there will be no danger of corroding galvanized nails being used. Two of these packages should be enough to give lasting protection to the average small home, at a price that is within reach. Actually we have a great bargain here, when the cost is compared with the tremendous damage that a single leak can cause to plaster, wall paper, even beams and floors and furniture.

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publicity plan was set up, and is still being pursued. Thousands of homes have been flashed according to this system, homes that otherwise would have been without the protection of non-rusting copper at the vital joints. It would be difficult for Revere to decide which provides the greater satisfaction:

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in its drive to speed up production, cut costs. But when students now in school are graduated, workers should about equal jobs.

Architects. These are sure to be hard to come by for years to come—if building keeps up its pace. During and right after the war, schools were turning out fewer architects than pre-1940. Though enrollment is high, new graduates aren't coming out nearly fast enough.

Industrial Designers. Look for a shortage for quite a while. Face to face with stiff competition, manufacturers are realizing that design can go a long way to help them sell. Chief bottlenecks to greater supply: The work requires artistic ability and the kind of training that only a few schools give.

Draftsmen. There are relatively more draftsmen now than during the war peak. And schools are still turning out new ones. In some lines—acronautical, ship-building and machine—there's a surplus; in architecture and construction there's a slight shortage.

Accountants. C.P.A.'s are still critically short. Demand is up because of more complicated tax problems and a growing emphasis on scientific management. But the coming crop of students and trainees will soon be mature enough to work on their own. Junior accountants are a drug on the market.

Secretaries. Those with stenographic training will be plentiful in a matter of months, as soon as today's classes have finished training. Those who can't take shorthand are already easy to find.

Bookkeepers. Operators who can handle simplified machine operations will be on the market in adequate numbers in a few months. Large numbers now taking business courses and training in elementary accounting will soon be out of school and looking for work.

A.F.L. LOSES STORE

Union efforts to organize department stores got off to a much-publicized start several months ago (BW-Dec. 25 '48, p62). So far, there are only a few scattered signs of activities in the field. In part, this is due to the difficulty of setting up staffs; in part, it's because store employees don't seem to want to sign union cards.

There's an indication of this in a recent National Labor Relations Board certification election at the May Co., in Denver. The Retail Clerks International Assn. (A.F.L.) won bargaining rights, and a contract, there in 1941. It never got well entrenched; in 1946, it lost a 32-week strike for a union-shop contract. Union membership in the store has slacked off since then.

Two weeks ago, May's employees in Denver were asked to vote for or against continued representation by R.C.I.A. They turned the union down, 404-315.



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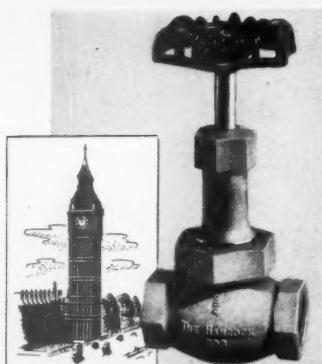
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Boycotts Curbed

NLRB bars "unfair lists" and peaceful picketing when union uses them to enforce a secondary boycott.

Businessmen could well take a second look at some recent decisions by the National Labor Relations Board on the Taft-Hartley act. The rulings deal with T-H's ban on secondary boycotts—and even if Congress repeals the law, a new labor act will probably retain prohibitions against the secondary boycott.

• **Cases in Point**—The decisions are based on Section 8 (b) (4) (A) of Taft-Hartley. This clause bars union pressure to keep an employer from doing business with a company embroiled in a labor dispute. Under T-H, the union pressure is an unfair labor practice. Here's what NLRB held:

(1) Lists of employers called "unfair to union labor" are illegal when unions use them to further a secondary boycott. The case involved Grand Rapids (Mich.) bricklayers who blacklisted a contractor in a labor dispute. NLRB held the action was illegal—even though it took place before Taft-Hartley, and though there was no later action "to continue the unfair list or to enforce it against employers." The board also held that an "unfair list" maintained by a central council of AFL unions was illegal, too—even though the council had no way to discipline unions and members who paid no attention to the list.

(2) Union members can't refuse to work with nonunion men if their refusal is aimed at helping a secondary boycott. This case involved an attempt by AFL carpenters to force the Montgomery (Ala.) Fair Co. to stop doing business with Bear Bros., Inc., a non-union building contractor. Union men "quit" jobs because, they complained, they had to work with Bear's nonunion men. AFL defended their action before NLRB by arguing: Refusal to work was legal because there's a "recognized union policy against working with non-union men." NLRB rejected the argument, held the carpenters' union guilty of an unfair labor practice.

(3) Peaceful picketing in a boycott case isn't protected by "free speech" guarantees of the T-H act. This principle was first upheld in a Kansas City

construction case; the ruling was that picketing protection in T-H can't be stretched to cover union pressure for an illegal objective—the secondary boycott (BW-Mar. 5 '49, p100). The principle was used again this week by an NLRB trial examiner who held two C.I.O. unions guilty of an unfair labor practice. The unions had picketed six Gulf Coast shipyards as part of their West Coast maritime strike last year.

LABOR BRIEFS

North Carolina's ban on closed-shop contracts will stay on the statute books at least another year. A House proposal to ease the ban was beaten (18-14) in committee.

• **Philip M. Kaiser** is now third assistant to Secretary of Labor Maurice Tobin. He has been head of Dept. of Labor's Office of International Affairs.

• **Wage hikes**: Northwest Airlines has agreed with Machinists to give a $\frac{1}{2}$ ¢ boost retroactive between July 1, 1948, and Dec. 31, 1948, and 6¢ per hour on top of that in 1949; Allied Chemical & Dye, 3¢ to end a District 50 (U.M.W.) strike; Monsanto Chemical, 9½% to AFL chemical workers; Atlanta motor-freight firms, 9¢ to AFL teamsters.

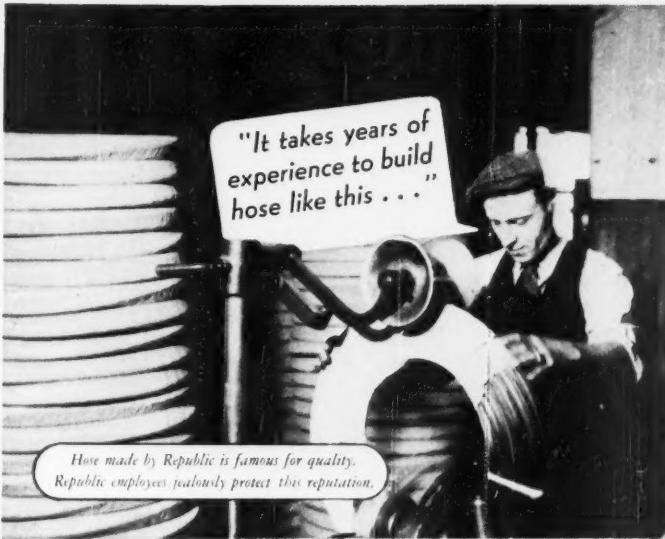
• **Chicago I.T.U.** negotiators have turned down a new contract offer by newspaper publishers—including a \$10 weekly raise. They said proposed terms wouldn't "conform with I.T.U. laws." The 3,500 printers involved in the 16-month strike will express their opinions in a vote this weekend.

• **John L. Lewis** has sent miners back into the pits—but new trouble is brewing for mine operators: Lewis has called a union wage-policy committee meeting this month, to draft 1949 contract demands.

• **Prudential agents** in 31 states have voted: AFL, 5,337; C.I.O., 4,540; an independent union, 3,149. NLRB will now hold a runoff between AFL and the C.I.O.'s United Office & Professional Workers—which has represented the agents in the past.

• **Free-speech guarantees** in the Taft-Hartley law let an employer call a union an "outlaw," "wildcat," and "off-breed" (U.S. Trailer Mfg. Co. case before NLRB). He can talk of dire trouble ahead if the union wins (Agar Packing & Provision Corp. case). But NLRB says it's an unfair labor practice to threaten to close a plant if a union wins in bargaining election.

The Pictures—Acme—21 (right), 92, 106; Arnold Eagle—39; Ewing Galloway—96 (4); Harris & Ewing—19, 21 (left); Wide World—76, 80.



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INTERNATIONAL OUTLOOK

BUSINESS WEEK
APRIL 2, 1949



Real fear is behind Russia's tirade against the North Atlantic Pact—fear of war.

The pact has ended the Kremlin's hope of driving the U. S. out of Europe by trickery.

In effect, the pact tells Russia, "The U. S. is in Europe to stay. Don't mistake that. Our frontier is on the Elbe, and we will defend it there."

This is the only language a dictatorship understands. Even after the Marshall Plan and the Truman Doctrine, Moscow thought it could make the U. S. give up in disgust. Now it knows the U. S. means business.

* * * * *

The "cold purge" of the Kremlin's high command reflects this fear.

Last week Alexander Vassilievsky, commander-in-chief of the Red Army and Russia's top general, stepped in as Minister of War. Out went Marshal Bulganin, a civilian with little, if any, military know-how.

Bulganin—like Molotov, Mikoyan, and Voznesensky—helped administer a policy that failed. His successor is a technician, a man who can take orders. Giving the orders will be Joseph Dzhugashevelli, to whom Lenin gave the name Stalin (man of steel).

* * * * *

London financial circles think the pound may be devalued this year.

The boom in gold mining shares on the London exchange set off the talk again. Though officials keep denying any move, the financial press is taking devaluation seriously this time.

If the pound is unpegged, the \$4 rate will stick. Devaluation will only come vis-a-vis European currencies. A 20% reduction is most likely if the International Monetary Fund approves. Action is not expected before fall.

* * * * *

Backers of devaluation argue it would bring back the incentive to sell in the dollar market. Here's the reasoning:

Since European and British demand has switched away from the dollar area, prices in the rest of the world have been bid way up. Fats and vegetable oils cost nearly double when bought for soft currencies; hides cost 75% more; cotton, over 50% more (after allowing for quality differences); tobacco, 25% more.

And food and raw material suppliers, loaded with soft currencies, have bid up the prices of British and European exports. These prices are drawing more and more British exports to soft-currency markets. Profit returns are higher than in the dollar market. The selling job is often easier.

Thus, say the unpeggers, a drop in the value of the pound would make the U. S. look attractive again—especially since the pound-dollar ratio would stay as is.

* * * * *

Many British businessmen are worried over signs of a trade letdown. Left-wingers in the Labor Government are even more concerned.

Retail sales in Britain have been slack for some time. The rise in clothing sales hoped for after the end of rationing never came off.

And export orders are thinning. Symptoms of a world trade recession are growing.

* * * * *

All this brings up the bogey of unemployment to Labor Party politicians. And the Labor government couldn't survive any mass unemployment.

Right now, unemployment is still at an all-time low. Any layoffs in consumer goods industries this year are likely to be absorbed in the capital-goods industries or construction.

But the Labor Party isn't taking any chances. Some officials already

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
APRIL 2, 1949

are planning public works. Others are thinking about propping consumer demand through credit inflation.

Trade between the Marshall Plan nations is still badly clogged.

Worst example: 2-million tons of coal in Poland, Italy, and Belgium are standing idle for lack of a buyer. Either prices are too high, or currencies are lacking.

Marshall planners in Paris fear steel may join coal in the trade log-jam within a year unless something is done.

Marshall Plan nations—minus Germany—made 33% more steel last year than in 1938, 37% more than in 1947.

And at the same time the Organization for European Economic Cooperation wants ECA to spend \$100-million on western Europe's steel industry. The money would go for 20 projects in Austria, Italy, Britain, France, Benelux, Turkey, Norway. Both mining and rolling-mill equipment are on the schedule.

The French government has a proposal to lure U. S. capital to France.

The bait: free convertibility of profits, interest, and capital into dollars. The proposal has about a 50-50 chance.

Washington planners are going slow on President Truman's world development program.

Assistant Secretary of State Thorp, who heads the group drawing up a Point 4 blueprint, knows Congress is in no mood to grant a lot of money. So he will only ask for an additional \$50-million for technical-assistance programs during fiscal 1949-50. (The 1949-50 budget already calls for \$30-million.)

And Thorp is leary of any huge guarantee systems. His group is sifting (1) bi-lateral commercial treaties with investment guarantees; (2) tax consideration for U. S. branch plants; and (3) U. S.-backed guarantees.

Congress will probably write its own ticket on this subject. Point 4 guarantees may cover only noncommercial risks—such as expropriations and war damage.

Business, too, is going slow on the world development program. One reason: The government might want to explore a company's books before making a government-backed investment guarantee.

Look for the U. S. to invite Spain to join the North Atlantic Pact soon.

Diplomatic sanctions against Spain are sure to be lifted when the United Nations General Assembly meets next week. The U. S., Britain, and France have already agreed to that. With the Latin American nations going along, Spain seems sure to get out of the doghouse.

Once full-fledged ambassadors are back in Madrid, negotiations to get Spain into the Atlantic Pact will start.

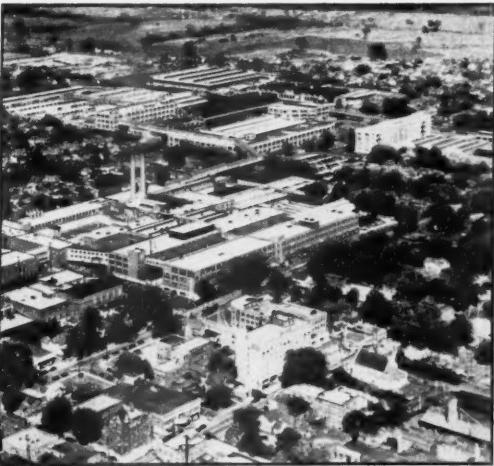
Canada's new budget represents a clear victory for U. S. traders over their British competitors (page 105).

Finance Minister Abbott failed to extend free-entry provisions for British textiles; he criticized London for not taking advantage of a favored position. For Washington, he had nothing but praise. He said Canada will seek a new tariff-cut deal with the U. S. when and if the U. S. Reciprocal Trade Agreements Act is renewed.

BUSINESS ABROAD



ORE PROSPECTING in Labrador's lonely wastes and . . .



BIG PLANTS like these in Oshawa, Ont., are two signs that . . .

Canada Plans Stronger Industry

Program to build up manufactures, develop raw materials offers big chance to U. S. investors. Tax changes will help.

This is the first of a series of three articles on Canada's economic health, and the direction in which its industries are growing. This article gives an over-all look at the Dominion's business picture. The second will discuss its manufacturing trends, the third its bright future as a mineral producer.

OTTAWA—The news coming out of this city last week would bring tears to the eyes of the tax-ridden U. S. businessman.

• **Shearing Taxes**—Finance Minister Douglas Abbott keynoted his budget message for the fiscal year starting April 1 with these words: "A system of private enterprise . . . depends for its existence on a steady flow of venture capital." With that he really took the scissors to Canada's tax sheets.

Here are some of the points Abbott wants to put over:

(1) A 32% cut in income tax revenue, affecting everybody, but mainly low-income groups.

(2) An exemption of 10% of all dividend payments received by holders of common shares, to ease the effects of double taxation.

(3) A cut in corporation taxes for all corporations earning less than \$77,000 (big corporations will get a slight tax raise).

(4) The end of some \$86.5-million

in excise taxes on a list of items ranging from chewing gum and soft drinks to railroad tickets.

(5) Allowances for quicker depreciation.

(6) Elimination or expansion of quotas on many imports from the U. S., including fruits, vegetables, textiles, shoes, furniture, and toys.

• **Don't Rush**—Before you start packing your bags to head north, remember Canada has been snarled in business restrictions since the war. As Abbott pointed out, Canada's past tax policies have taken as much as 50% of a corporation's undistributed earnings—if you take into account taxes on dividends as well as corporate taxes. And, besides, this is election year in Canada. Some of Abbott's budget recommendations—like the lifting of import controls—may be buried when the election is over.

Nonetheless, if the budget is passed (and it looks as though it will be), Canada will be a happy hunting ground for capital investment. And that is just what the government wants. It has been reading the economic tea leaves and has decided that inflation is over. It is time to gird Canada for a new position in a new world economy.

• **Change of Role**—U. S. businessmen will always play a big part in any Canadian economic program. But in the

future that part is likely to be a lot different from their prewar role. With the new budget, the U. S. investor will stand as much chance to make money in Canada as the U. S. salesman. In the long run he may make a good deal more.

The reason for this is simple. Canada has to lean less heavily on trade with the U. S. It can do so by (1) getting out more dollar-earning exports; (2) producing more of its needs at home. U. S. investment will be a prerequisite for either move.

• **Prewar Pattern**—Before the war Canada had no trouble getting dollars to pay for its needs from the U. S. Canada was the apex of an international trade triangle. Down one arm it sold goods and services to the sterling area for pounds. Down the other, it bought from the U. S. with dollars. Britain was the big customer; the U. S., the big supplier. Since sterling was freely convertible into dollars, Canada almost always came out ahead.

In 1937, a typical prewar year, Canada's trade pattern looked like this (in millions of dollars):

	Britain	U. S.
Exports to	\$384	\$382
Imports from	147	491

• **1948 Pattern**—The war upset this pattern. Pounds are no longer convertible to dollars. Canada had to shift to an austerity program, cut its buying from the U. S. Finally, it's true, ECA

came along to provide an artificial arm for the old triangle. But the pattern has a different shape: Now the U.S. is the best customer as well as the best supplier.

In 1948, Canada's trade pattern looked like this (in millions of dollars):

	Britain	U. S.
Exports to	\$687	\$1,501
Imports from	300	1,805

And Canada's increased dependence on the U.S. is much greater than it looks in the table. ECA dollar aid to Britain paid for a good share of Canada's exports to Britain last year.

Thanks largely to ECA dollars—plus Canada's austerity program—1948 was a banner year. Gold and dollar holdings jumped from \$501-million to more than \$1-billion in about 12 months. But nobody knows better than the Canadian government that if anything happens to ECA the whole house of cards could collapse.

• **Attempted Solutions**—In the short run the Canadian government is fondly hoping to ease its dollar dependency by finding new markets for its exports. Government officials don't like to admit it, but BUSINESS WEEK learned from other sources that exporters are now being urged to negotiate barter deals to ease the dollar pressure.

And the Canadian government is openly bidding for more British exports (BW-Mar.19'49,p120). If the British learn to compete with the U.S. on price, quality, service, and delivery, this might prove a permanent solution. Right now they can't, though several British trade missions are now in Canada trying to learn how.

These signs point to bilateral trade pacts to replace the old multilateral pattern. The Canadians don't like this, but as one put it, "we've simply got to try to develop new markets outside the U.S. to break up the heavy concentration of trade with one country. We've got to protect ourselves against the unpredictable whims of U.S. tariff action."

The trend to bilateral trade pacts and barter deals wouldn't brighten the U.S. salesman's prospects in Canada. But cutting down on trade with the U.S. doesn't provide the permanent solution to Canada's dollar troubles either.

• **Long-Range Answer**—Finance Minister Abbott's budget hits closer to the long-range target. It aims at attracting capital—both Canadian and U.S.—to develop Canada's rich raw material resources. Getting the minerals out of the ground would give a big boost to Canada's dollar-earning exports.

And the proposed changes in Canada's corporate tax setup point to an even longer-range target—to get Canadian raw materials processed in Canada. With a population of only 13-

million scattered over 3.7-million sq. mi. of territory, Canada can't take on the role of a heavy industrial power overnight. But it's working to that goal. Last year for the first time more Canadians were working in factories than on farms. Today about a quarter of Canada's 4.9-million wage earners work in manufacturing industries.

• **Chance for U.S.**—These signs point to a heyday for U.S. investors. Canada has a limited capital market and a limited corps of technicians. So it's bound to need U.S. capital, both to exploit its raw materials and to expand its industry.

Right now U.S. investments in Canada are estimated at \$5.2-billion. More than half of these are in Canadian branch plants of U.S. companies. Dur-

is now at work on in Canadian raw materials. There is no telling how high the investment figures will eventually get. Under the new budget, tax exemptions on new mines are extended through 1952. So are allowances for mining, oil, and natural-gas exploration. Most Canadians expect U.S. business to put up about half the costs of exploiting Canada's newly discovered ores and petroleum. And they expect U.S. capital to carry the ball in prospecting for new metals and minerals.

• **Export or Process?**—What to do with Canada's metals and minerals after they are brought out of the ground will be a bone of contention in Canadian politics for years to come. For the next couple of years, of course, they will be sorely needed to pay for Canada's dollar imports. But already there is talk of building industry for the purpose of processing them in Canada.

• **Vital Questions**—This is very long-term talk, but it ties up with two immediate questions:

(1) Should the Canadian dollar—now pegged at 100 U.S. cents—be set free?

(2) Should there be a free-trade area between the U.S. and Canada?

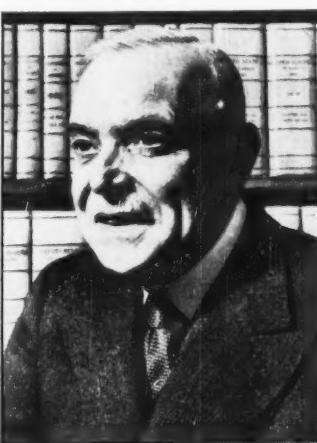
These are hot political topics today in Canadian business circles. The opposing fronts line up behind Ontario's former premier, George Drew, Progressive Conservative Party candidate, on the one side, and Premier St. Laurent of the Liberal Party, on the other (picture).

• **For the Affirmative**—Drew favors both measures. He and large segments of Canadian business think the pegged dollar inhibits U.S. investment in Canada and keeps U.S. buying in Canada at a minimum. What Drew and his supporters want to do, in effect, is to attract U.S. dollars by reducing the value of their own.

Most of the same people favor a free-trade area between Canada and the U.S. They estimate that this might wipe out 22 Canadian industries. But they think they could write off the loss through sound production, marketing, and management methods in some other industries, which could outdo or complement U.S. manufacturers.

• **For the Negative**—Many Liberal Party supporters reject both premises. They say the dollar must stay pegged to insure stability and allow for long-range commitments. They think Canada could only lose by a free-trade agreement with the U.S. Too many industries would compete directly with U.S. industries; too few would complement them.

• **Coalition Likely**—Best betting now is that neither the Liberals nor the Progressive Conservatives will get a majority in the election. But either Drew or St. Laurent will lead a coalition. And that's good news for U.S. investors—whichever man is king pin.



LIBERAL PREMIER St. Laurent faces a fight over free trade with the U.S.

ing the war U.S. businessmen increased their investments \$850-million. Since the war they have added another \$300-million. Most of this money went into Canadian manufacturing industries. Now the dollars are going into Canadian minerals.

• **Oil and Mining**—U.S. dollars are hard at work in Alberta's oil fields. Strikes have been tremendous there over the past few years. An officer of Imperial Oil, Ltd., owned 70% by Standard Oil Co. (N.J.), estimates reserves in Alberta at more than 500-million bbl.

Kennecott Copper Corp. and New Jersey Zinc Co. are digging up titanium at Havre Ste. Pierre, Quebec. They will refine it at a plant now abuilding at Sorel (BW-Sep.18'48,p128). Cleveland's M. A. Hanna Co. and Canada's Hollinger Consolidated Gold Mines, Ltd., are opening up huge iron-ore deposits (picture, page 105) in Labrador (BW-Sep.11'48,p41).

• **Incentives**—These are just three of the bigger ventures that U.S. business

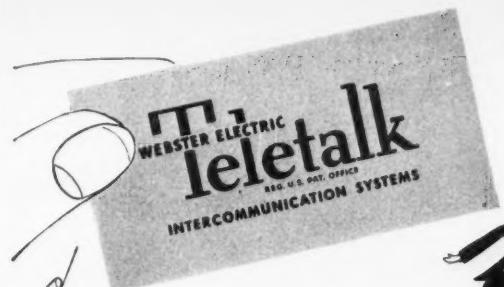
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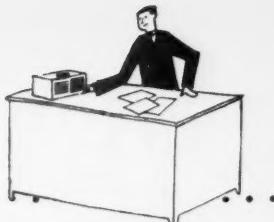
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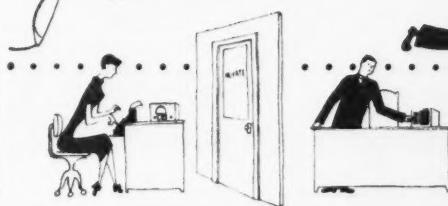
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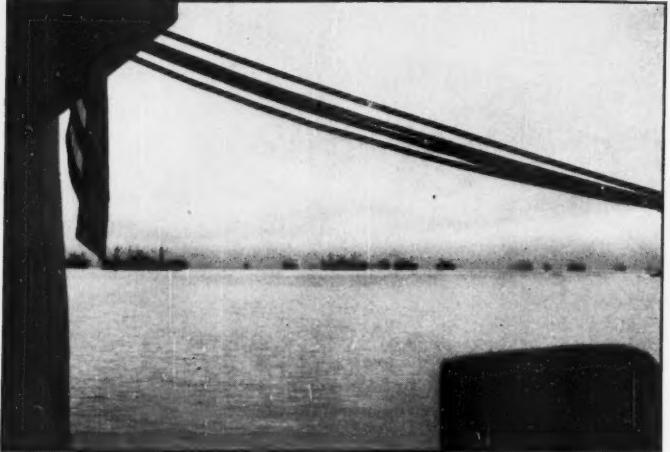


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BUSINESS OPPORTUNITIES
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AT HAMPTON ROADS, over 100 ships can be moored. One freighter's story explains . . .

Why Ports Love Their Ships

Commercial shipping activities brought \$250-million to Hampton Roads last year. One ship studied spent \$39,000 in port.

There's a lot of romance in a harborful of ships. But for the men who check the balance sheets, there's a lot more than romance. Freighters loading at a dock mean cold cash—a lot of it—for a broad cross-section of a busy port's business. Shipyards, provisioners, laundries—ultimately the general public—all get a share.

• **Argument**—The figures explain why ports are scrambling to build up their facilities (BW-Aug. 21 '48, p24). Hampton Roads, Va., is a case in point. L. E. Pentecost, Norfolk manager for U.S. Lines, has just released a study of the outlays by one U.S. freighter—headed for France—during its stay at Hampton Roads. Total: \$39,000.

Here's a breakdown of the bill for this particular freighter:

Pilotage in and out	\$240
Tug to lay berth.....	112
Lay-berth hire	175
Watchmen	100
Crew payoff	13,500
Food for 60 days.....	5,000
Deck & engine stores	1,500
Fuel bunkers	6,000
Fresh water	40
Incidental supplies	1,200
Dumping & trimming coal	2,600
Voyage repair bill	7,500
Custom house fee	270
Handling lines	20
Consul's fee	35
Doctor for crew	75
Supplies labor	200
Underwriter's fee	30
Agent's fee	300

The total didn't include the \$95,000

paid for the 9,500-ton cargo of coal; some of that was spent locally too. If the ship had needed a major overhauling job, it might have doubled its outlay.

• **Best Customer**—That's one ship's story. True, it's the story of the type of ship that makes the best customer: the U.S. vessel that comes in to take a full cargo of coal and ready itself for a long ocean voyage. It can scarcely leave the port without spending \$30,000, and probably the figure will be higher.

A foreign-flag ship will spend considerably less. It will do only what repairing it has to in an American port. It will buy fewer supplies, and ordinarily it won't pay off its crew here. This point, incidentally, is an argument for the people who want ECA to keep on using U.S. bottoms for at least 50% of its shipments (BW-Dec. 25 '48, p73). If ECA should send everything in foreign-flag ships (at their lower rates), U.S. ports would lose some of their supply and service business.

Neither will a ship that's stopping to load or unload a part of a cargo do so well by the city. Ordinary in-and-out visitors may hand out as little as \$250, or they may spend \$50,000. The average outlay for such ships is under \$10,000.

• **Total Take**—Last year some 5,000 ships docked at Hampton Roads. Of these, 2,700 were coal carriers. Pentecost estimates that commercial maritime activities brought \$250-million of revenue to the port in 1948. The ship-

building industry's business made up \$100-million of this.

It's easy to see why the Hampton Roads Maritime Assn.'s motto is: "The port's the thing."

To Sell More Rum

Puerto Rico plans \$2-million ad campaign with U. S. rum distributors. Goal: to bring shipments back to prewar level.

Rum distillers have long been a key-stone in Puerto Rico's sugar-and-molasses economic structure. Tax revenues from rum make up a big share of what little the island's government is able to scrape together for housing, health, education, and development programs.

But the end of the war brought a big slump in rum shipments to the U. S. demand skidded as soon as Yankee drinkers could get ample supplies of whisky. Shipments last year were a mere 8% of 1944, the island's record year.

• **Campaign**—Last week, Puerto Rico Industrial Development Co. (BW—Feb. 7'48, p105)—whose main job has been to sell Puerto Rico to potential U. S. investors—set out to resell U. S. drinkers on Puerto Rican rum. It opened a \$1-million national advertising campaign to bring rum shipments back to their prewar level. The outlay will be matched by another \$1-million in brand advertising by a dozen U. S. distributors. If present plans pan out, the campaign will be renewed from year to year.

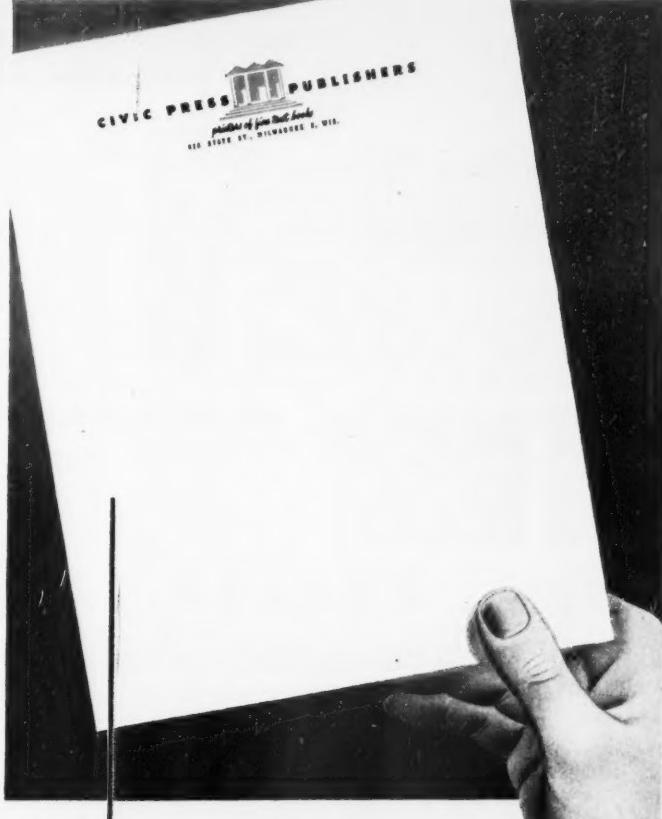
• **End of Excess**—Since the end of the war, most of the U. S. demand has been met from wartime excess stocks. In some retail markets, the price of rum has gone as low as \$1.55 a fifth, which just covers the federal tax. Even today, in a fair-trade market like New York, you can buy rum for \$2.59 a fifth, despite state and federal taxes which eat up \$1.85.

But now the wartime stocks have about run out. So Puerto Rican rum distillers see a good chance for shipments to climb again. Their goal is the prewar level of about 2.5-million tax gal.; in 1941 that was 54% of all the rum sold in the U. S. Last year shipments totaled only 526,000 tax gal., even though they made up 50% of all U. S. rum imports.

• **Government's Cut**—The Puerto Rican government is anxious that the distillers meet their goal. The U. S. government hands over to the island all excise taxes collected on its rum. This is a big item in the island's tax take. In 1944 it hit a peak of \$65.8-million. By last year the tax yield had plummeted to \$3.4-million.

If the distillers can push business up

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**DELIVERS
MIGHTY**

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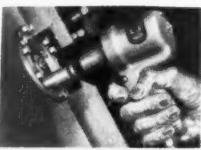
FOR DRIVING BOLTS AND NUTS

The simple, direct impacting mechanism of the Keller Impact Wrench . . . without springs, screws, gears, or other complicated devices . . . enables it to deliver positive impacting blows, day in and day out, without weakening its structure. Built-in durability keeps it on the job with a minimum of maintenance.



IMPACT WRENCH

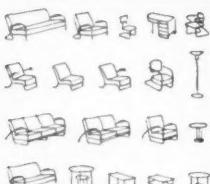
Keller Impact Wrenches are easy to hold and operate. Set nuts to desired torque without stalling shock. Rotary-type air motor furnishes speed, power for fast nut running. Tool is easily adjusted to the job with torque regulator. Reversible $\frac{3}{8}$ " and $\frac{1}{2}$ " bolt capacity.



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to the prewar level, the tax yield would be about \$22.5-million. That would pay for almost one-fifth of the island's budget, which this year hit a new high of \$97-million.

The U.S., itself, is quite a rum maker. Distillers here turn out 2.5-million gal. a year. But only a quarter of this is drawn on for beverage purposes.

BUSINESS ABROAD BRIEFS

Rolls-Royce has bought out General Motors' part interest in Commonwealth Aircraft Corp., Australian airplane-engine manufacturer. Commonwealth has been licensed to turn out Rolls-Royce Nene turbojets.

M. W. Kellogg is putting up Brazil's government-owned oil refinery near Bahia. Its output will be 5,000 bbl. a day. Local fields will supply most of the crude.

U. S. cars have the edge among India's officialdom-dollar balances, preferential tariffs, and Empire ties notwithstanding. Out of 5,267 cars bought by officials last year, 3,234 were American, 2,033 British.

Hardest hit U. S. utility in Argentina would be American & Foreign Power Co. if the government applies the expropriation clause in Peron's new constitution (BW-Mar. 26 '49, p124). It operates five subsidiary power companies with a combined value of more than \$100-million.

Preferential tariffs on Cuban sugar will remain unchanged, says Assistant Secretary of State Willard Thorp. That means the U. S. has flatly rejected the Dominican Republic's recent request that the preferences in favor of Cuba be abolished.

Brazil has found a use for its government-owned white elephant, the National Motor Factory. Isotta Fraschini has licensed the plant to make diesel-engine trucks.

Freight rates to Bombay from the U. S. are too high, says the Indian government. The U. S. shipping conference on cargo to Bombay slapped on a 25% "emergency" surcharge last fall when congested docks delayed unloading for weeks. Waiting time is now down to about six days.

Western Steel Enterprises—a new \$8-million iron and steel company—plans to operate in Western Australia. Officials will leave shortly for U. S. in search of technicians and rolling-mill equipment.

ECA'S LEDGER

ECA clamped down again last week; it demanded and collected a \$605,000 refund from the Belgian government. Reason: Last summer the Raffinerie Belge de Petroles, Antwerp, paid 16% over the prevailing market price for Venezuelan crude oil. The Belgians paid about \$2.68 a barrel to Petrol Terminal Corp. and \$2.72 a barrel to Atlantic Pine Industries—U.S. companies operating in Venezuela. ECA demanded refund of the entire amount of the transaction.

This is the second time that ECA has collected under Section 202 of the appropriations act. The section specifies that countries which buy with ECA funds can't pay more than the market price for goods. In February ECA collected about \$120,000 from the French, who had paid excessive prices for oil. The French had to pay back only the amount of the overcharge.

Meanwhile, ECA, with the help of 21 representatives from private industry, is drawing up an amendment to the ECA law to clarify policy on procurement, overpayment, refunds, etc.

Other Developments

Counterpart Funds. As of Jan. 31, Marshall Plan countries had withdrawn \$1.2-billion from counterpart funds (local currencies set aside in amounts about equal to what is received from ECA and the interim-aid programs). ECA approved almost \$1-billion for projects to promote production. About \$600-million has been spent so far.

About \$168-million from the local-currency funds has been earmarked for agricultural projects; \$86.2-million for coal mining; \$24.9-million for manufacturing, with emphasis on the petroleum, machinery, and primary-metals industries; \$22.7-million for power facilities; \$159-million for railroads; \$63.7-million for merchant and fishing fleets; \$40.7-million for exploration and development of strategic materials.

In addition, \$540-million has been O.K.'d for debt cancellation; \$184-million is programmed for housing projects, public buildings, health, care of refugees, promotion of tourist trade, and miscellaneous loan capital.

Progress Report. ECA's ninth report for the Public Advisory Board shows notable progress. Western Europe has trimmed its monthly commodity-trade deficit with the U.S. from \$425-million in 1947 to \$250-million today. Sweden's position is best—close to a balance. Britain has made the biggest improvement: it cut its deficit from nearly \$90-million a month in early 1947 to about \$23-million.

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Getting in Through Uncle Sam's Back Door

Two senators—one a Republican, the other a Democrat—have introduced an annual-wage bill in Congress (BW—Feb. 5 '49, p88). It would require annual-wage payments to workers employed by companies on government contracts over \$10,000.

The bill's introduction raised no commotion or excitement. But it shouldn't be ignored, for, at the very least, it will serve to keep the subject of annual wages alive in Washington. And it is too early to rule out the possibility that the bill will reach the hearing stage sometime in the life of the 81st Congress.

Because of that—and because it might someday become law—the bill deserves attention. The whole subject of guaranteed wages, for that matter, needs to be studied, in both its narrow and its broad implications, by those affected. In that group are the managers of business and industry.

A Long History

Are guaranteed-wage plans something new? Not by any means. They have been operating in the United States for more than 50 years. The first guarantees of work or wages were given by employers in the 1890's. The most famous of these was started by an agreement between National Wall Paper Co. and the National Assn. of Machine Printers & Color Mixers, negotiated in 1894.

New plans were introduced during the first two decades of the 20th Century at the rate of about one a year. The depression of 1921 renewed interest in the plans; during the '20's, they came in at the rate of two or three a year. There was a further pickup during the depression of the 1930's; one incentive came from a provision in the Fair Labor Standards Act permitting waiver of overtime pay if annual wages were guaranteed.

Trade union interest in guaranteed wage plans caught fire during World War II, when terrific drops in employment were forecast for the early postwar period. There was a setback for a while, though, when the National War Labor Board in the fall of 1944 refused to sanction a wage-guarantee plan advanced by the United Steelworkers (C.I.O.).

The postwar boom also put a crimp in the union's interest. They saw a golden opportunity to press for higher wage rates—and seized it. The first, second, and third rounds of wage increases put extra money in the workers' pockets. Employment was high; in fact, we had practically full employment. So why should unions worry about protecting the length of working time and the regular receipt of pay envelopes?

However, a two-year study of guaranteed-wage plans made by the Advisory Board of the Office of War Mobilization & Reconversion stimulated public interest. A report on this study came out in 1947; it was prepared by a special staff under Murray W. Latimer, former head of the Railroad Retirement Board. The Latimer report

had several important conclusions. We need only look at three:

(1) Guaranteed-annual-wage plans are feasible in a "large variety" of industrial establishments.

(2) Plans, when suitably adapted, are valuable to the entire nation and afford a wholesome and desirable means for improving both worker and employer security.

(3) Plans should not be the subject of legislative action but should be referred to free collective bargaining.

More Study Needed

Is the first conclusion sound? Are plans feasible in many industries? No one really knows yet. Certainly management opinion is divided. Some businessmen say guaranteed-wage plans are good and workable. They cite their own experiences to prove the case. Others say not. Those who say "no" claim the guaranteed wage is adaptable only to industries which have a steady market in good times and bad. Usually ruled out are the capital-goods industries. That is because those industries are extremely sensitive to business ups and downs.

It is not enough though to have an opinion; opinions need to be fortified with facts. Management should do some real research on annual-wage plans. The time to begin that research is now. For, as one labor expert predicts, the guaranteed annual wage "will become the battle cry of labor in this generation, as the eight-hour day was in the last."

Now, what about the second conclusion—that guaranteed plans are a kind of cure-all for business fluctuations. That's the C.I.O. view. Philip Murray says a floor under the income of wage-earners would mean a floor under the national income. But those who dispute him have a strong argument. They say his theory is unsound because its basic assumption is that depressions are caused by a failure of mass purchasing power. Most business economists believe that depressions are touched off by the failure of new investments to sustain full production of capital goods. Wage guarantees on a broad scale wouldn't insure new investment.

The third conclusion (that plans should not be the subject of legislation) is one with which we wholeheartedly agree. BUSINESS WEEK believes that neither the federal nor the state governments should impose guaranteed-wage plans on any business. Here is an area in which management should be allowed to keep its right to make a decision—to decide whether it can or cannot adapt such a plan to its company or its industry.

That is why, in our opinion, the pending bill to make government contractors guarantee wages should not be passed. If it is, mandatory guaranteed wages will be getting in through Uncle Sam's back door. And, after the device is once given the force of law, it will be much easier later on to impose it on all industry—even against an industry's will.

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